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Novasol A/S
Virumgårdsvej 27
2830 Virum
Central Business Registration
No 17484575

Annual report 2016

The Annual General Meeting adopted the annual report on 10.07.2017

Chairman of the General Meeting

Name: Klaus Melchior

Contents

Entity details

Entity

Novasol A/S

Virumgårdsvej 27

2830 Virum, Denmark

Central Business Registration No: 17484575

Registered in: Lyngby-Taarbæk, Denmark

Financial year: 01.01.2016 - 31.12.2016

Phone: +4570424424

Website: www.novasol.dk

E-mail: novasol@novasol.dk

Statutory reports on the entity's website

Statutory report on corporate social responsibility:http://www.wyndhamworldwide.com/corporate-responsibility

Board of Directors

Bernd Muckenschnabel, Chairman

Henry Francis John Bankes

Lynn Cathrine Kelly

Executive Board

Jan Haapanen, Chief Executive Officer

Klaus Melchior, Chief Financial Officer

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

Postboks 1600

0900 Copenhagen C, Denmark

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Novasol A/S for the financial year 01.01.2016 - 31.12.2016.

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 Entity's financial position at 31.12.2016 and of the results of its operations and cash flows for the financial year 01.01.2016 - 31.12.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Virum, 10.07.2017

Executive Board

Jan Haapanen
CEO

Klaus Melchior
CFO

Board of Directors

Bernd Muckenschnabel
Chairman

Henry Francis John Bankes

Lynn Cathrine Kelly

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Virum, 10.07.2017

Executive Board

Jan Haapanen	Klaus Melchior
CEO	CFO

Board of Directors

Bernd Muckenschnabel	Henry Francis John Bankes	Lynn Cathrine Kelly
Chairman		

Independent auditor's report

To the shareholder of Novasol A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Novasol A/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2016, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements section of this auditor's report*. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, 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 responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could

Independent auditor's report

reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the 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 Group's and the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent 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 auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 that we identify during our audit.

Independent auditor's report

Statement on the management commentary
Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Violation of legislation on financial reporting etc
The Entity has submitted its annual report for the period 01.01.2016 – 31.12.2016 later than required by section 138 of the Danish Financial Statements Act, which means that Management may be held liable.

Copenhagen, 10.07.2017

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Flemming Larsen
State-Autorised Public Accountant

Heidi Brink Olsen
State-Autorised Public Accountant

Management commentary

	2016 DKK'000	2015 DKK'000	2014 DKK'000	2013 DKK'000	2012 DKK'000
Financial highlights					
Key figures					
Revenue	2,715,639	2,394,507	2,100,148	1,828,061	1,758,135
Gross profit/loss	397,907	407,889	344,477	314,708	320,166
Rental revenue	727,355	680,102	577,850	529,433	530,377
Operating profit/loss	86,360	133,144	102,651	88,693	99,711
Net financials	(3,117)	1,668	2,031	1,902	1,265
Profit/loss for the year	60,474	108,500	87,778	63,969	74,853
Total assets	2,054,325	1,213,850	965,673	944,957	945,329
Investments in property, plant and equipment	74,935	21,456	14,351	15,165	15,865
Equity incl minority interests	509,921	430,535	321,856	235,406	401,737
Ratios					
Rental revenue as a percentage of revenue	26.8	28.4	27.5	29.0	30.2
Operating margin	11.2	19.6	17.8	16.8	18.8
Revenue/Assets	0.4	0.6	0.6	0.6	0.6
Assets/Equity	3.9	2.8	3.0	4.0	2.4
Return on equity	15.5	28.8	27.3	27.2	18.6

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	**Calculation formula**	**Ratios**
Rental revenue as a percentage of revenue	$\frac{\text{Rental revenue x 100}}{\text{Revenue}}$	The entity's operating profitability from core operations
Operating margin	$\frac{\text{Operating profit (EBIT) x 100}}{\text{Rental revenue}}$	The entity's operating profitability
Revenue/Assets	$\frac{\text{Rental revenue}}{\text{Average total assets}}$	Turnover rate of capital employed by the entity
Assets/Equity	$\frac{\text{Total assets}}{\text{Equity}}$	The entity's gearing
Return on equity	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$	The entity's return on capital invested in the enity by the owners

Management commentary

Primary activities

Novasol is an intermediary of individual holiday homes rental in Denmark and in 27 European countries under the brands Novasol, Dansommer, Fanøspecialisten, Dansk Familieferie, Cuendet, Happy Home, Ardennes Etape and Friendly Rentals. The Company focuses on continuous development of its products and services so as to ensure that the house or apartment owner obtains a cash profit from the collaboration with Novasol.

Based on an agreement concluded with the individual owner, the holiday home or apartment is offered for rental either through travel agencies or directly to the end-user in the European countries.

Insofar as holiday homes in Denmark are concerned, the Company is also in charge of providing services to the tenant through its own 26 local offices in Denmark.

The Company is the market leader in Europe within holiday home rental and has more than 42,000 holiday homes under its wings. The Company aspires to be the preferred partner for house owners and holiday guests alike.

Development in activities and finances

In 2016, the Company experienced a significant increase in revenue of DKK 321 million equal to an increase of 13%. A satisfactory increase in the rental of holiday homes in the Company's overall product portfolio made all vacation destinations show strong improvements.

Rental of Danish homes set a new record and the Company is pleased to note that the average occupancy per holiday house also reached new heights.

The record high rental of Danish holiday houses was due to a significant increase in the large markets, Germany and Denmark. This created a significant increase in occupancy for the individual house and enabled the Company to strengthen its position as market leader.

The individual houseowner did in general experience an increase in rental income due to the occupancy growth. Subsequent to record growth in rental income for the 2016 season, the Company is pleased to note continued strong growth in pre-bookings for the 2017 season. Thus, it appears that the growth will continue in 2017.

The previous year's strong growth in Southern and Central Europe continued in 2016 with overall growth in revenue of 18%. The Company has in 2016 continued the expansion of the organisation in Southern and Central Europe to strengthen its market position and to address the continued strong demand for rental of holiday houses in the region.

Management commentary

In 2016, the Company has increased marketing activities in all of its main customer markets to drive continued growth in both rental income and occupancy and to improve the Company's position in a market characterised by major competition.

Rental expenses increased by 16% from DKK 1,714.4 million in 2015 to DKK 1,988.2 million in 2016.

Gross profit declined from DKK 407.9 million to DKK 397.9 million.

Profit for the year before tax declined from DKK 134,8 million in 2015 to DKK 83.2 million in 2016, which is regarded as satisfactory. Profit before tax was negatively impacted by a provision of DKK 61.7 million related to a settlement in 2017 with a foreign authority. The settlement is not expected to significantly affect future earnings expectations. The provision has negatively impacted revenue for the year by DKK 44.5 million, other external expenses DKK 14.4 million and other financial expenses DKK 2.8 million

Equity amounted to DKK 510 million corresponding to an equity ratio of 25%.

The Group had an average of 745 employees compared to 614 prior year.

The Company wishes to maintain its position as the leading European provider of holiday homes. This position will be pursued through acquisitions as well as organic growth. The Company expects an increased consolidation on the Danish market. The Company intends to participate in the consolidation.

During the second half of 2016, the company has acquired the rentals business Friendly Rentals in Spain with approximately 2,500 city apartments which have contributed with DKK 42 million of revenue for the 5 months of ownership. Ardennes Etape in Belgium with 1,600 houses is a rentals business that was also acquired during the second half of 2016. Revenue from Ardennes Etape was approximately DKK 56 million in 2016 for the 3 months of ownership.

Unusual circumstances affecting recognition and measurement
There were no unusual circumstances in the financial year.

Outlook
In 2017, the Company expects an increase in revenue as well as profit, driven by the continued growth in the Company's activities in Denmark, South and Central Europe combined with further investment in marketing on the most important customer markets.

The Company is still experiencing a large demand for holiday in Danish holiday homes, as a consequence of intensified marketing of Danish holiday houses on the important customer markets in Germany, Scandinavia, Benelux and the UK.

Management commentary

The Company expects the consolidation in the industry in the coming years to continue, and it expects to be active in this consolidation and to acquire both small and large companies in Denmark as well as abroad.

In addition, the Company again expects to open more new markets during 2017, and to improve its presence on the Danish market with the opening of several new offices to serve both homeowners and holiday guests.

Particular risks

Operating risks

In recent years, the Company has been reviewing its VAT situation and its settlement of indirect taxes in the countries in which the Company carries on its activities. The Company has an ongoing collaboration with relevant consultants in the individual European countries to monitor compliance with the European legislation. Management does not believe that this presents a significant operating risk.

Financial risks

Management does not believe that there are any significant financial risks.

Currency risks

The activities abroad mean that the results, cash flows and equity are affected by developments in foreign exchange and interest rates for the various currencies. The most important foreign currencies are EUR, NOK and SEK. The currency policy is to hedge significant commercial risks. The hedging is carried out by means of foreign exchange contracts and is based on a risk assessment of the individual currencies relative to DKK.

The Company does not engage in speculative currency transactions.

Exchange risks attributable to investments in subsidiaries abroad are not hedged, as such risks are not deemed to be significant.

Interest-rate risks

As the Company does not have any significant interest-bearing items over prolonged periods, changes in the level of interest rates will not have any material impact on the profit for the year.

Credit risks

The Company does not have significant risks regarding any single customer as there is a large spread among customers.

Management commentary

Statutory report on corporate social responsibility

The Company wishes to comply with legislation and rules in the countries and local communities in which it operates. The Company has adopted the parent company's policies for integrating corporate social responsibility as part of the Company's strategy and activities. Therefore, no separate CSR report is presented.

Instead reference is made to Wyndham Worldwide's policy on the following Internet address:
http://www.wyndhamworldwide.com/corporate-responsibility

Statutory report on the underrepresented gender

As required by Section 139 of the Danish Companies Act the Company has set qualitative target figures for the purpose of female employees from 1 April 2013 still feeling that they have the same career and leadership opportunities as the male employees.

The target for the Board

The Company is part of Wyndham Worldwide Corporation, which partly affects the composition of the Board and the decisions that need to be dealt with by the Board. It is the goal of the Company that the board composition can, at all times, effectively perform the duties of the Board.

Members of the Board are and will be designated on the basis of the total qualifications of the member and not with regard to the gender. The gender distribution of the Company's shareholder-elected directors is the following in 2016: 2 men and 1 woman.

The current gender distribution at the Company's other management levels are 60% men and 40% women. Based on Act No. 1383 of 23 December 2012, the Company has established qualitative target figures for the purpose of female employees from 1 April 2013 still feeling that they have the same career and leadership opportunities as the male employees.

Target figures in other management levels

It is the intention of Company that there is an appropriate distribution of men and women at the Company's management levels. The current gender distribution in the management team is 60% men and 40% women. The Company believes that the qualitative objectives have been met as there is an appropriate distribution of men and women at the management levels in general.

The appropriate distribution of men and women is ensured by offering employees, regardless of gender, the same opportunities to develop their professional and personal skills in areas such as personal career development and training, and gender equality will be taken into consideration when appointing board members. The Company's other recruitment criteria and the employees' individual skills will, however, determine the appointment of a board member.

Management commentary

The Company wants to be able to follow-up on the progress of the gender composition of the management team and, if necessary, make adjustments of the target figures that have been set.

Events after the balance sheet date
In June 2017 the Company reached a final settlement regarding an agreement with a foreign authority. The Company has set up an accrual of DKK 61.7 million to cover the settlement.

Except for the above, no subsequent events have occured after the balance sheet date.

Consolidated income statement for 2016

	Notes	2016 DKK'000	2015 DKK'000
Revenue	1	2,715,639	2,394,507
Rental expenses		(1,988,284)	(1,714,405)
Other external expenses	2	(329,448)	(272,213)
Gross profit/loss		**397,907**	**407,889**
Staff costs	3	(275,732)	(245,843)
Depreciation, amortisation and impairment losses	4	(35,815)	(28,902)
Operating profit/loss		**86,360**	**133,144**
Other financial income	5	2,158	2,945
Other financial expenses	6	(5,275)	(1,277)
Profit/loss before tax		**83,243**	**134,812**
Tax on profit/loss for the year	7	(22,769)	(26,312)
Profit/loss for the year	8	**60,474**	**108,500**

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Acquired rights		84,272	19,191
Goodwill		74,173	3,245
Intangible assets	9	**158,445**	**22,436**
Land and buildings		46,659	6,290
Plant and machinery		42,796	32,224
Leasehold improvements		4,002	2,851
Property, plant and equipment	10	**93,457**	**41,365**
Other investments		43	41
Deposits		7,716	5,110
Fixed asset investments	11	**7,759**	**5,151**
Fixed assets		**259,661**	**68,952**
Manufactured goods and goods for resale		2,264	1,990
Inventories		**2,264**	**1,990**
Trade receivables		625,589	467,844
Receivables from group enterprises		982,949	591,191
Other receivables		8,228	6,492
Prepayments	12	23,368	17,579
Receivables		**1,640,134**	**1,083,106**
Cash	13	**152,266**	**59,802**
Current assets		**1,794,664**	**1,144,898**
Assets		**2,054,325**	**1,213,850**

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Contributed capital		3,750	3,750
Retained earnings		506,171	426,785
Equity		**509,921**	**430,535**
Deferred tax	14	59,019	31,334
Provisions		**59,019**	**31,334**
Other payables	15	14,621	0
Non-current liabilities other than provisions		**14,621**	**0**
Current portion of long-term liabilities other than provisions	16	64,816	0
Trade payables		681,366	476,544
Payables to group enterprises		545,804	166,404
Income tax payable		14,338	30,221
Other payables	17	164,440	78,812
Current liabilities other than provisions		**1,470,764**	**751,981**
Liabilities other than provisions		**1,485,385**	**751,981**
Equity and liabilities		**2,054,325**	**1,213,850**
Unrecognised rental and lease commitments	19		
Contingent liabilities	20		
Transactions with related parties	21		
Group relations	22		
Subsidiaries	23		

Consolidated statement of changes in equity for 2016

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	3,750	426,785	430,535
Exchange rate adjustments	0	1,125	1,125
Other equity postings	0	17,787	17,787
Profit/loss for the year	0	60,474	60,474
Equity end of year	**3,750**	**506,171**	**509,921**

Consolidated cash flow statement for 2016

	Notes	2016 DKK'000	2015 DKK'000
Operating profit/loss		86,360	133,144
Working capital changes	18	193,960	(112,459)
Deferred tax		24,458	0
Depreciation		35,815	28,902
Forex adjustments		1,125	164
Gain on sale of non-current assets		0	(2)
Other adjustments		(394)	69
Cash flow from ordinary operating activities		**341,324**	**49,818**
Financial income received		2,158	2,945
Financial income paid		(5,275)	(1,277)
Income taxes refunded/(paid)		(35,425)	(11,689)
Cash flows from operating activities		**302,782**	**39,797**
Intangibles, net		(148,707)	(16,640)
Property, plant and equipment, net		(74,820)	(21,456)
Net financials		(2,602)	(48)
Cash flows from investing activities		**(226,129)**	**(38,144)**
Loans raised		15,811	0
Cash flows from financing activities		**15,811**	**0**
Increase/decrease in cash and cash equivalents		**92,464**	**1,653**
Cash and cash equivalents beginning of year		59,802	58,149
Cash and cash equivalents end of year		**152,266**	**59,802**

Notes to consolidated financial statements

	2016 DKK'000	2015 DKK'000
1. Revenue		
Germany	1,388,811	1,281,132
Scandinavia	693,646	632,186
Other countries	633,182	481,189
	2,715,639	**2,394,507**

	2016 DKK'000	2015 DKK'000
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	2,568	2,051
Tax services	877	89
Other services	710	927
	4,155	**3,067**

	2016 DKK'000	2015 DKK'000
3. Staff costs		
Wages and salaries	248,865	221,855
Pension costs	11,492	10,197
Other social security costs	15,375	13,791
	275,732	**245,843**
Average number of employees	**745**	**614**

	Remunera-tion of manage-ment 2016 DKK'000	Pension liabilities 2016 DKK'000	Remunera-tion of manage-ment 2015 DKK'000	Pension liabilities 2015 DKK'000
Executive Board	4,515	341	3,861	301
	4,515	**341**	**3,861**	**301**

No remunation was paid to the Board of Directors.

	2016 DKK'000	2015 DKK'000
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	13,091	8,611
Depreciation of property, plant and equipment	22,724	20,291
	35,815	**28,902**

Notes to consolidated financial statements

	2016 DKK'000	2015 DKK'000
5. Other financial income		
Financial income arising from group enterprises	1,532	2,727
Interest income	626	218
	2,158	**2,945**

	2016 DKK'000	2015 DKK'000
6. Other financial expenses		
Financial expenses from group enterprises	1,309	1,079
Interest expenses	3,966	198
	5,275	**1,277**

	2016 DKK'000	2015 DKK'000
7. Tax on profit/loss for the year		
Tax on current year taxable income	17,842	24,508
Change in deferred tax for the year	3,227	1,798
Adjustment concerning previous years	1,700	6
	22,769	**26,312**

	2016 DKK'000	2015 DKK'000
8. Proposed distribution of profit/loss		
Retained earnings	60,474	108,500
	60,474	**108,500**

	Acquired rights DKK'000	Goodwill DKK'000
9. Intangible assets		
Cost beginning of year	60,802	22,080
Exchange rate adjustments	(75)	12
Additions	74,260	74,844
Cost end of year	**134,987**	**96,936**
Amortisation and impairment losses beginning of year	(41,611)	(18,835)
Exchange rate adjustments	70	(11)
Amortisation for the year	(9,174)	(3,917)
Amortisation and impairment losses end of year	**(50,715)**	**(22,763)**
Carrying amount end of year	**84,272**	**74,173**

Notes to consolidated financial statements

	Land and buildings DKK'000	Plant and machinery DKK'000	Leasehold improve-ments DKK'000
10. Property, plant and equipment			
Cost beginning of year	13,393	129,975	8,401
Exchange rate adjustments	0	(4)	3
Additions	40,911	31,843	2,181
Disposals	0	(786)	0
Cost end of year	**54,304**	**161,028**	**10,585**
Revaluations beginning of year	0	50	0
Revaluations end of year	**0**	**50**	**0**
Depreciation and impairment losses beginning of the year	(7,103)	(97,801)	(5,550)
Exchange rate adjustments	1	(1)	(3)
Depreciation for the year	(543)	(21,151)	(1,030)
Reversal regarding disposals	0	671	0
Depreciation and impairment losses end of the year	**(7,645)**	**(118,282)**	**(6,583)**
Carrying amount end of year	**46,659**	**42,796**	**4,002**

	Other investments DKK'000	Deposits DKK'000
11. Fixed asset investments		
Cost beginning of year	41	5,110
Exchange rate adjustments	2	4
Additions	0	2,714
Disposals	0	(112)
Cost end of year	**43**	**7,716**
Carrying amount end of year	**43**	**7,716**

12. Prepayments

Prepayments comprise expenses paid relating to catalogues, rentals, insurance premiums and subscribtions.

13. Cash and cash equivalents

The Novasol Group participates in a cash pool scheme.

Notes to consolidated financial statements

	2016 DKK'000
14. Deferred tax	
Changes during the year	
Beginning of year	31,334
Recognised in the income statement	3,227
Recognised directly in equity	24,458
End of year	**59,019**

	2016 DKK'000	2015 DKK'000
15. Other long-term payables		
Other costs payable	14,621	0
	14,621	**0**

The amount matures in 2018.

16. Current portion of long-term liabilities other than provisions

The amount consists of earn-out considerations, deferred considations and short term ownership of real estate.

	2016 DKK'000	2015 DKK'000
17. Other short-term payables		
Holiday pay obligation	21,811	19,780
Other costs payable	142,629	59,032
	164,440	**78,812**

	2016 DKK'000	2015 DKK'000
18. Change in working capital		
Increase/decrease in inventories	(274)	(68)
Increase/decrease in receivables	(157,745)	(67,836)
Increase/decrease in trade payables etc	204,822	81,031
Other changes	147,157	(125,586)
	193,960	**(112,459)**

	2016 DKK'000	2015 DKK'000
19. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	**69,628**	**78,059**

Notes to consolidated financial statements

	2016 DKK'000	2015 DKK'000
20. Contingent liabilities		
Recourse and non-recourse guarantee commitments	3,557	3,566
Contingent liabilities in total	**3,557**	**3,566**

The amount consists of the following: a bank guarantee of DKK 333 thousand to Ejendomsselskabet Aros ApS, of DKK 303 thousand to Klaus Dose, of DKK 365 thousand to Paul Dose and of DKK 46 thousand to Rauch Immobilienvervaltung Gbr.

The Group has also provided a guarantee to Heikant B.V. on the amount of DKK 60 thousand and of DKK 2.459 thousand to Garantiefinds Reisgelden.

In recent years the Company has been reviewing its VAT situation and the settlement of indirect taxes in the countries in which the Company carries on its activities. The Company has ongoing collaboration with relevant consultants in the individual European countries to monitor compliance with the European legislation.

21. Transactions with related parties

Only transactions with related parties not made on arm’s length conditions are disclosed. All transactions with related parties are made at arm’s length conditions.

22. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group: Wyndham Worldwide Corporation, USA.

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: Wyndham Worldwide Corporation, USA.
The financial statements are available for download at www.wyndhamworldwide.com.

Notes to consolidated financial statements

	Registered in	Corporate form	Equity interest %
23. Subsidiaries			
Novasol AS	Oslo	AS	100.0
Novasol GmbH	Hamburg	GmbH	100.0
Novasol Reise GmbH	Hamburg	GmbH	100.0
Novasol AB	Gothenburg	AB	100.0
Novasol S.R.O.	Prague	S.R.O.	100.0
Novasol Polska Sp.Z.o.o.	Stettin	Sp.Z.o.o.	100.0
Novasol B.V.	Eindhoven	B.V.	100.0
Novasol Hungária Kft.	Siofok	Kft	100.0
Novasol Turisticka agencija d.o.o.	Medulin	d.o.o.	100.0
Fanøspecialisten ApS	Lyngby-Taarbæk	ApS	100.0
Friendly Rentals S.L.	Madrid	S.L.	100.0
Trezia SPRL	Verviers	SPRL	100.0
Esoledad SA	Luxemborg	SA	100.0

Parent income statement for 2016

	Notes	2016 DKK'000	2015 DKK'000
Revenue	1	2,613,725	2,394,507
Rental expenses		(2,010,174)	(1,790,670)
Other external expenses	2	(346,198)	(299,545)
Gross profit/loss		**257,353**	**304,292**
Staff costs	3	(221,086)	(205,579)
Depreciation, amortisation and impairment losses	4	(27,726)	(27,937)
Operating profit/loss		**8,541**	**70,776**
Income from investments in group enterprises		65,713	53,931
Other financial income	5	2,145	2,886
Other financial expenses	6	(9,750)	(4,630)
Profit/loss before tax		**66,649**	**122,963**
Tax on profit/loss for the year	7	(6,175)	(14,463)
Profit/loss for the year	8	**60,474**	**108,500**

Parent balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Acquired rights		14,533	19,191
Goodwill		1,526	1,526
Intangible assets	9	**16,059**	**20,717**
Land and buildings		5,883	6,290
Plant and machinery		33,542	31,667
Leasehold improvements		3,429	2,622
Property, plant and equipment	10	**42,854**	**40,579**
Investments in group enterprises		321,346	138,008
Deposits		6,940	4,648
Fixed asset investments	11	**328,286**	**142,656**
Fixed assets		**387,199**	**203,952**
Manufactured goods and goods for resale		2,264	1,990
Inventories		**2,264**	**1,990**
Trade receivables		548,204	466,094
Receivables from group enterprises		792,455	535,504
Other receivables		3,528	5,552
Prepayments	12	21,185	16,216
Receivables		**1,365,372**	**1,023,366**
Cash	13	**90,883**	**14,340**
Current assets		**1,458,519**	**1,039,696**
Assets		**1,845,718**	**1,243,648**

Parent balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Contributed capital	14	3,750	3,750
Reserve for net revaluation according to the equity method		161,307	127,155
Retained earnings		344,864	299,630
Equity		**509,921**	**430,535**
Deferred tax	15	33,802	30,771
Provisions		**33,802**	**30,771**
Other payables	16	14,621	0
Non-current liabilities other than provisions		**14,621**	**0**
Current portion of long-term liabilities other than provisions	17	49,006	0
Trade payables		568,961	474,818
Payables to group enterprises		522,353	208,419
Income tax payable		2,035	24,424
Other payables	18	145,019	74,681
Current liabilities other than provisions		**1,287,374**	**782,342**
Liabilities other than provisions		**1,301,995**	**782,342**
Equity and liabilities		**1,845,718**	**1,243,648**
Unrecognised rental and lease commitments	19		
Contingent liabilities	20		
Related parties with controlling interest	21		
Transactions with related parties	22		

Parent statement of changes in equity for 2016

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	3,750	127,155	299,630	430,535
Exchange rate adjustments	0	407	718	1,125
Other equity postings	0	0	17,787	17,787
Dividends from group enterprises	0	(31,773)	31,773	0
Profit/loss for the year	0	65,518	(5,044)	60,474
Equity end of year	**3,750**	**161,307**	**344,864**	**509,921**

Notes to parent financial statements

	2016 DKK'000	2015 DKK'000
1. Revenue		
Germany	1,388,811	1,281,132
Scandinavia	693,646	632,186
Other countries	531,268	481,189
	2,613,725	**2,394,507**

	2016 DKK'000	2015 DKK'000
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	2,131	1,755
Tax services	877	89
Other services	516	842
	3,524	**2,686**

	2016 DKK'000	2015 DKK'000
3. Staff costs		
Wages and salaries	202,626	189,186
Pension costs	10,730	9,518
Other social security costs	7,730	6,875
	221,086	**205,579**
Average number of employees	**482**	**459**

	Remuneration of management 2016 DKK'000	Pension liabilities 2016 DKK'000	Remuneration of management 2015 DKK'000	Pension liabilities 2015 DKK'000
Executive Board	4,515	341	3,861	301
	4,515	**341**	**3,861**	**301**

No remunation was paid to the Board of Directors.

	2016 DKK'000	2015 DKK'000
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	5,751	8,191
Depreciation of property, plant and equipment	21,975	19,746
	27,726	**27,937**

Notes to parent financial statements

	2016 DKK'000	2015 DKK'000
5. Other financial income		
Financial income arising from group enterprises	1,532	2,235
Interest income	613	651
	2,145	**2,886**

	2016 DKK'000	2015 DKK'000
6. Other financial expenses		
Financial expenses from group enterprises	5,919	4,462
Interest expenses	3,831	168
	9,750	**4,630**

	2016 DKK'000	2015 DKK'000
7. Tax on profit/loss for the year		
Tax on current year taxable income	1,444	12,744
Change in deferred tax for the year	3,031	1,719
Adjustment concerning previous years	1,700	0
	6,175	**14,463**

	2016 DKK'000	2015 DKK'000
8. Proposed distribution of profit/loss		
Transferred to reserve for net revaluation according to the equity method	65,518	54,569
Retained earnings	(5,044)	53,931
	60,474	**108,500**

Notes to parent financial statements

	Acquired rights DKK'000	Goodwill DKK'000
9. Intangible assets		
Cost beginning of year	64,846	15,884
Exchange rate adjustments	(75)	0
Additions	1,098	0
Cost end of year	**65,869**	**15,884**
Amortisation and impairment losses beginning of year	(45,655)	(14,358)
Exchange rate adjustments	70	0
Amortisation for the year	(5,751)	0
Amortisation and impairment losses end of year	**(51,336)**	**(14,358)**
Carrying amount end of year	**14,533**	**1,526**

	Land and buildings DKK'000	Plant and machinery DKK'000	Leasehold improve-ments DKK'000
10. Property, plant and equipment			
Cost beginning of year	13,393	127,369	7,477
Exchange rate adjustments	0	(7)	(1)
Additions	135	22,487	1,747
Disposals	0	(786)	0
Cost end of year	**13,528**	**149,063**	**9,223**
Revaluations beginning of year	0	50	0
Revaluations end of year	**0**	**50**	**0**
Depreciation and impairment losses beginning of the year	(7,103)	(95,752)	(4,855)
Exchange rate adjustments	1	6	(3)
Depreciation for the year	(543)	(20,496)	(936)
Reversal regarding disposals	0	671	0
Depreciation and impairment losses end of the year	**(7,645)**	**(115,571)**	**(5,794)**
Carrying amount end of year	**5,883**	**33,542**	**3,429**

Notes to parent financial statements

	Investments in group enterprises DKK'000	Deposits DKK'000
11. Fixed asset investments		
Cost beginning of year	10,842	4,648
Additions	149,186	2,404
Disposals	0	(112)
Cost end of year	**160,028**	**6,940**
Revaluations beginning of year	127,166	0
Exchange rate adjustments	407	0
Share of profit/loss for the year	72.350	0
Dividend	(31,773)	0
Revaluations end of year	**168.150**	**0**
Amortisation of goodwill	(6,832)	0
Impairment losses end of year	**(6,832)**	**0**
Carrying amount end of year	**321,346**	**6,940**
Goodwill or negative goodwill recognized during the financial year	**124,122**	**-**

12. Prepayments

Prepayments comprise expenses paid relating to catalogues, rentals, insurance premiums and subscriptions.

13. Cash

The Novasol companies participate in a cash pool scheme.

	Number	Par value DKK'000	Nominal value DKK'000
14. Contributed capital			
Ordinary A shares	37,500	100	3,750
	37,500		**3,750**

Notes to parent financial statements

	2016 DKK'000
15. Deferred tax	
Changes during the year	
Beginning of year	30,771
Recognised in the income statement	3,031
End of year	**33,802**

	2016 DKK'000	2015 DKK'000
16. Other long-term payables		
Other costs payable	14,621	0
	14,621	**0**

The amount matures in 2018.

17. Current portion of long-term liabilities other than provisions

The amount comprises to earn-out considerations and deferred considerations.

	2016 DKK'000	2015 DKK'000
18. Other payables		
Holiday pay obligation	18,549	17,774
Other costs payable	126,470	56,907
	145,019	**74,681**

	2016 DKK'000	2015 DKK'000
19. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	**59,308**	**66,673**

	2016 DKK'000	2015 DKK'000
20. Contingent liabilities		
Recourse and non-recourse guarantee commitments	1,045	1,045
Contingent liabilities in total	**1,045**	**1,045**

The amount consists of the following: a bank guarantee of DKK 333 thousand to Ejendomsselskabet Aros ApS, of DKK 303 thousand to Klaus Dose, of DKK 365 thousand to Paul Dose and of DKK 46 thousand to Rauch Immobilienvervaltung Gbr.

Notes to parent financial statements

In recent years the Company has been reviewing its VAT situation and the settlement of indirect taxes in the countries in which the Company carries on its activities. The Company has ongoing collaboration with relevant consultants in the individual European countries to monitor compliance with the European legislation.

21. Related parties with controlling interest

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:
Wyndham Worldwide Denmark ApS, Denmark.

22. Transactions with related parties

Only transactions with related parties not made on arm's length conditions are disclosed. All transactions with related parties are made at arm's length conditions.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group’s accounting policies.

Subsidiaries’ financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries’ net assets at the acquisition date, with net assets having been calculated at fair value.

Accounting policies

Business combinations
Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life. If the useful life cannot be estimated reliably, it is fixed at 20 years. Useful life is reassessed annually. Negative balances (negative goodwill) are recognised as income in the income statement.

Profits or losses from divestment of equity investments
Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortised goodwill and estimated divestment or winding-up expenses.

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

Derivative financial instruments
On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables.

Accounting policies

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

Income statement

Revenue

The recognition criterion for revenue for rental of holiday houses is acceptance of the rental agreement.

Rental expenses

The corresponding rental expenses are expensed.

Other external expenses

Other external expenses comprise costs for catalogues, distrubution, sales, advertisting, administration, premises, bad debts etc.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Other financial income from group enterprises

Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Accounting policies

Financial expenses from group enterprises
Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

Other financial expenses
Other financial expenses comprise interest expenses, including net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Current tax liabilities and current tax receivables are recognised in the balance sheet as calculated tax on the year's taxable income, adjusted for paid on-account tax.

Balance sheet
Goodwill
Goodwill is the positive difference between cost and value in use of assets and liabilities taken over as part of the acquisition. Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If it is not possible to estimate the useful life reliably, it is set at 20 years. Useful lives are reassessed on an annual basis. The amortisation periods used are 7 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc
Intellectual property rights etc comprise acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Accounting policies

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-manufactured assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	30 years
Plant and machinery	25 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises
Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

In the income statement the parent company´s share of the companies' profils/losses is recognised after elimination of intercompany profilts and losses and less or plus amortisation of consolidated goodwill or negative consolidation goodwill respectively.

Subsidiaries with a negative equity value are measured at zero value, and any receivables from these companies are written down by the parent company's share of the negative equity value to the extent they are deemed uncollectible. If the negative equity value exceeds the receivable, the remaining amount is recognised under provisions to the extent the parent company has a legal or constructive obligation to cover the liabilities of the company in question.

Net revaluation of equity investments in subsidiaries is transferred to the net revaluation reserve to the extent the carrying amount exceeds the cost.

The acquisition method is used for acquisition of subsidiaries.

Other investments
Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date and unlisted equity instruments measured at cost. Unlisted equity instruments are written down to any lower net realisable value.

Accounting policies

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

The cost of goods for resale, raw materials and consumables amprises the acquisition price plus delivery costs.

The net realisable value of inventories is stated as the expected selling price less costs of completion and costs incurred to execute the sale.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand and bank deposits.

Deferred tax
Deferred tax is recognised and measured under the balance sheet liability method comprising all temporary differences between the varrying amount and the tax base of assets and liabilities. The tax base of the assets is stated based on the planned use of the individual assets.

Deferred tax is measured in accordance with the tax rules and tax rates in the variaous countries that will apply under the legislation in force at the balance sheet date when the deferred tax. Any change in deferred tax as a consequence of changees in tax rates are recognised in the income statement.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are measured in the balance sheet at the value at which the asset is expected to be realisable, either through offsitting in deferred tax liabilities or as net tax assets.

The parent company is jointly taxed with Danish companies in the Wyndham Worldwide Group. The current income tax is distributed between the jointly taxed companies in proportion to their taxable incomes (full absorption with refunds for tax losses).
Other taxes

This item includes tax amounts calculated on another basis than income for the year, including environmental tax etc, which are not refunded to the Entity.

Accounting policies

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Mortgage debt
At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

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

Income tax receivable or payable
Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Cash flow statement
The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise with an insignificant price risk less short-term bank loans.