Tia Technology A/S

Bredevej 2, DK-2830 Virum

Annual Report for 1 January - 31 December 2015

CVR No 19 98 93 48

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 25/5 2016

25/5 -16

Chairman

David Pathmanhoff

TIA® Closer to Customers

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Tia Technology A/S for the financial year 1 January - 31 December 2015.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2015 of the Company and of the results of the Company operations for 2015.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Copenhagen, 25 May 2016

Executive Board

Christian Kromann

Morten Bruun Steiner

Board of Directors

Vagn Ove Sørensen
Chairman

Simon Philip Guy Lee

Jonas Martin Göran Persson

Jakob Holmen Kraglund

Jannik Kruse Petersen

Rikke Kjær Nielsen

Independent Auditor's Report on the Financial Statements

To the Shareholder of Tia Technology A/S

Report on the Financial Statements

We have audited the Financial Statements of Tia Technology A/S for the financial year 1 January - 31 December 2015, which comprise income statement, balance sheet, statement of changes in equity, notes and summary of significant accounting policies. 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 as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 whether the Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, 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 auditor considers internal control relevant to the Company's preparation of Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2015 and of the results of the Company operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Independent Auditor's Report on the Financial Statements

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is in accordance with the Financial Statements.

Hellerup, 25 May 2016
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Mikkel Sthyr
State Authorised Public Accountant

Henrik Aslund Pedersen
State Authorised Public Accountant

Company Information

The Company	Tia Technology A/S Bredevej 2 DK-2830 Virum Telephone: + 45 7022 7620 E-mail: info@tia.dk Website: www.tia.dk CVR No: 19 98 93 48 Financial period: 1 January - 31 December Municipality of reg. office: Virum
Board of Directors	Vagn Ove Sørensen , Chairman Simon Philip Guy Lee Jonas Martin Göran Persson Jakob Holmen Kraglund Jannik Kruse Petersen Rikke Kjær Nielsen
Executive Board	Christian Kromann Morten Bruun Steiner
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2015 TDKK	2014 TDKK	2013 TDKK	2012 TDKK	2011 TDKK
Key figures					
Profit/loss					
Revenue	132,367	143,269	137,842	118,185	92,818
Gross profit/loss	42,299	74,201	97,959	86,884	62,808
EBITDA before one-off items	22,965	46,563	57,969	45,848	24,935
EBITDA	-4,706	32,522	57,369	45,648	22,435
Operating profit/loss	-34,909	7,909	40,467	25,205	6,597
Profit/loss before financial income and expenses	-34,909	57,369	57,369	45,648	22,435
Net financials	792	-1,106	-1,804	399	-83
Net profit/loss for the year	-26,573	4,968	29,721	18,894	4,982
Balance sheet					
Balance sheet total	128,344	140,507	157,895	127,689	90,965
Equity	-9,229	17,329	42,361	22,640	8,246
Invested capital including goodwill	2,274	26,473	39,104	15,367	3,888
Net interest-bearing debt	-17,379	-4,667	-41,345	-23,669	-18,148
Revenue per employee	2,364	2,558	2,418	2,273	1,573
Investment in property, plant and equipment	52	190	238	119	0
Number of employees	56	56	57	52	59
Ratios					
Gross margin	31.96%	51.80%	71.10%	73.50%	67.67%
Profit margin	-26.37%	40.04%	41.62%	38.62%	24.17%
Return on equity	-656.12%	16.65%	91.45%	122.35%	86.57%
EBITA margin (%)	-26.37%	5.50%	29.40%	21.30%	7.10%
Return on invested capital including Goodwill	9.21%	24.10%	188.30%	261.80%	-283.50%
Revenue/invested capital including Goodwill	116.43%	4.37%	6.41%	12.28%	-39.90%
Financial gearing	1.88%	-0.30%	-1.00%	-1.10%	-2.20%

One off items incl. recruitment cost for exec positions, acquisition cost, redundancy cost and provision for certain specific customer implementation project cost.

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Main activity

TIA Technology develops and sells the insurance software, The TIA Solution, to the global insurance industry.

The product is a standard solution developed in close cooperation with customers and partners to incorporate latest functionality requrements and technology. This means that TIA Technology offers new and existing customers a highly competitive and easily upgradable product. The TIA Solution is one of the world's leading end-to-end insurance solutions and was in 2015 for the third consecutive year awarded Celent's "XCelent Customer Base" for the industry's leading customer base. We take this as a testimony to the rich functionality in the TIA Solution, which leading insurance players find appealing.

Development in the year

TIA Technology increased its R&D costs significantly in 2015. Focus is to secure "best in class" quality and introduce new functionalities in the latest version (version 7) of the TIA core solution. In version 7 TIA introduced a new user interface in Oracle ADF which gives the customers a more user friendly experience, and the highly advanced reinsurance module has been further developed.

Another key focus in 2015 was support of new TIA customers going live on TIA's version 7. During fourth quarter Zurich Columbia, Regent in South Africa and Obos in Norway all went live with success on TIA V7 core insurance solution. Furthermore, we are proud that TIA's first customer on Iceland, VIS, successfully went live on TIA version 7 in May 2016. VIS is the one of the largest insurance companies on Iceland.

Furthermore, TIA expanded its strong footprint in Poland. PKOU -the insurance company of the leading Polish bank PKO -choose TIA as their new core system with the clear strategy to become the leader in the banc assurance segment. Go live and the launch of the first product was achieved after a six months implementation program.

TIA's ambition is to be the stable, consistent core insurance system within Claims, Billing, Account & Policy Administration. We have predefined integrations and the solution is easily upgradable. We are reliable and take pride in contributing to the success of our customers.

TIA's 2020 plan aims at creating an even stronger foundation for TIA's and our customers' growth. Key highlights from our 2020 plan are:

- Focus on core: TIA is the back bone of the insurance applications at our customers with well defined open interface capabilities. TIA will further strengthen this focus on core insurance functionality, ensuring seamless integration to other external solutions (e.g. portals and mobile), enabling positive end customer experiences across the various distribution channels. This helps our customers achieve competitive advantages by establishing a "fit to purpose" end to end digital solution enabled by TIA as the core system of record.

- Grow with partners: A key part of the TIA business model has always been the TIA Partners enabling a low cost of ownership of the TIA solution for our customers. Moving forwards, TIA will further expand the use of the Partner community by engaging and enabling Partners to sell TIA, hence increasing the overall go to market power of TIA.

The market for standard solutions to the insurance market continued to grow in 2015, with most market research indicating double digit growth rates. Although fewer sales were concluded in 2015, TIA experienced the positive development, with a large number of customers kicking off their journey towards finding a new insurance system. With TIA's version 7 we are strongly positioned to benefit from this in 2016 and beyond.

Financial development over the year

The 2015 accounting year exhibited revenue of DKK 132.367 million, reflecting a 8 per cent decrease compared to 2014.

The cost and cash flow have been impacted by significant investments in maturing the latest version and making the product even stronger, primarily relating to TIA Core as well as other activity development, in line with TIA's long term ambition to provide market leading insurance solutions. Furthermore, there has been a negative impact from certain one-off items.

Strategy and objectives

Special risks

TIA Technology has no significant exposure to business risks other than what is normal for the business type.

The majority of TIA Technology's income is billed in euro or DKK, in 2015 it was 77%, whilst the majority of expenses are also in euro or DKK, in 2015 it was 92%. The euro/DKK exchange rate is fixed and the actual exchange rate risk is thus considered to be relatively low.

Research and Development

For TIA research and development, 2015 marked the completion of a significant effort for the TIA Version 7 Series with a number of clients going live in production with their TIA implementation. The primary focus of the year was the realization and support of the client implementations and go live projects with a number of important releases.

With a new Vice President of Development in place during September, a number of optimizations to the organization and key engineering processes have been introduced.

In 2015 R&D costs before capitalization amounted to DKK 58m which was an increase of 23% compared to 2014.

Management's Review

Intellectual capital resources

During the year, the company continued to invest in expanding employee knowledge of both technology and insurance-related fields, to ensure best possible utilization of the new technological opportunities that cater specifically to insurance market needs. There is an ongoing effort to ensure that our staff receives continuous professional development and remain motivated, committed and involved in the execution of TIA Technology's strategy.

The environment

TIA Technology's activities have minimal impact on the environment. To the extent possible, the cooperation between Denmark and Lithuania takes place virtually to reduce the number of air travel. Further, and in order to limit the use of electricity, employees use portable PCs that have a low impact on the environment. The company encourages its staff to exercise and the luncheon scheme is based on the extensive use of ecological ingredients.

Expected development

With multiple consecutive years of growth, TIA Technology has secured a strong position in the market. We anticipate to benefit from the significant investments in TIA's latest version in 2015 and see a continued growth of new customers in 2016 combined with a growing trend for further uptake amongst our strategic customers in Europe.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Christian Kromann joined TIA Technology as Chief Executive Officer on 19 May 2016. He will together with Morten B. Steiner form the executive board in TIA Technology.

Income Statement 1 January - 31 December

	Note	2015	2014
		DKK	TDKK
Revenue		**132,367,330**	**143,270**
Cost of goods sold		-46,720,260	-16,747
Other external expenses		-43,348,457	-52,320
Gross profit/loss		**42,298,613**	**74,203**
Staff expenses	2	-49,913,340	-49,791
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-27,294,176	-16,503
Profit/loss before financial income and expenses		**-34,908,903**	**7,909**
Income from investments in subsidiaries	4	661,895	125
Financial income	5	1,678,916	1,261
Financial expenses	6	-1,548,811	-2,492
Profit/loss before tax		**-34,116,903**	**6,803**
Tax on profit/loss for the year	7	7,543,738	-1,835
Net profit/loss for the year		**-26,573,165**	**4,968**

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year	0	0
Reserve for net revaluation under the equity method	661,895	125
Retained earnings	-27,235,060	4,843
	-26,573,165	**4,968**

Balance Sheet 31 December

Assets

	Note	2015 DKK	2014 TDKK
Completed development projects		63,480,966	55,592
Software		1,100,146	1,378
Development projects in progress		8,475,939	7,112
Intangible assets	8	**73,057,051**	**64,082**
Other fixtures and fittings, tools and equipment		202,123	326
Leasehold improvements		5,889	23
Property, plant and equipment	9	**208,012**	**349**
Investments in subsidiaries	10	3,979,239	3,302
Other investments		4,120,000	0
Deposits		769,237	1,833
Fixed asset investments		**8,868,476**	**5,135**
Fixed assets		**82,133,539**	**69,566**
Trade receivables		21,641,952	54,381
Receivables from group enterprises		6,434,535	0
Other receivables		3,706,706	8,643
Corporation tax		5,875,000	0
Prepayments		578,669	1,188
Receivables		**38,236,862**	**64,212**
Cash at bank and in hand		**7,973,116**	**6,729**
Currents assets		**46,209,978**	**70,941**
Assets		**128,343,517**	**140,507**

Balance Sheet 31 December

Liabilities and equity

	Note	2015 DKK	2014 TDKK
Share capital		500,000	500
Reserve for net revaluation under the equity method		1,444,592	767
Retained earnings		-11,173,524	16,062
Equity	11	**-9,228,932**	**17,329**
Provision for deferred tax	12	9,045,156	11,239
Provisions		**9,045,156**	**11,239**
Other payables		2,629,759	0
Long-term debt		**2,629,759**	**0**
Credit institutions		22,478,091	5,737
Trade payables		5,084,355	5,465
Payables to group enterprises		2,903,957	2,062
Corporation tax		0	2,319
Other payables		27,873,076	32,482
Deferred income	13	67,558,055	63,874
Short-term debt		**125,897,534**	**111,939**
Debt		**128,527,293**	**111,939**
Liabilities and equity		**128,343,517**	**140,507**
Capital matters	1		
Contingent assets, liabilities and other financial obligations	14		
Related parties and ownership	15		

Statement of Changes in Equity

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	500,000	766,939	16,061,536	17,328,475
Exchange adjustments relating to foreign entities	0	15,758	0	15,758
Net profit/loss for the year	0	661,895	-27,235,060	-26,573,165
Equity at 31 December	**500,000**	**1,444,592**	**-11,173,524**	**-9,228,932**

Notes to the Financial Statements

1 Capital matters

The Company has lost its capital base. Management expects that the capital will be restored through future operations.

2 Staff expenses

	2015	2014
	DKK	TDKK
Wages and salaries	44,126,366	44,019
Pensions	5,401,788	5,379
Other social security expenses	385,186	393
	49,913,340	**49,791**
Including remuneration to the Executive Board and Board of Directors	**6,190,392**	**5,197,195**
Average number of employees	**56**	**56**

3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Amortisation of intangible assets	27,100,875	16,334
Depreciation of property, plant and equipment	193,301	169
	27,294,176	**16,503**
Which is specified as follows:		
Completed development projects	26,407,242	16,027
Software	693,633	307
Other fixtures and fittings, tools and equipment	175,634	151
Leasehold improvements	17,667	18
	27,294,176	**16,503**

4 Income from investments in subsidiaries

Share of profits of subsidiaries	661,895	125
	661,895	**125**

Notes to the Financial Statements

5 Financial income

	2015 DKK	2014 TDKK
Interest received from group enterprises	0	329
Other financial income	1,678,916	932
	1,678,916	**1,261**

6 Financial expenses

	2015 DKK	2014 TDKK
Other financial expenses	1,548,811	2,492
	1,548,811	**2,492**

7 Tax on profit/loss for the year

	2015 DKK	2014 TDKK
Current tax for the year	-5,349,953	2,950
Deferred tax for the year	-2,193,785	-1,115
	-7,543,738	**1,835**

8 Intangible assets

	Completed development projects DKK	Software DKK	Development projects in progress DKK
Cost at 1 January	119,890,918	1,818,658	7,112,474
Additions for the year	24,254,677	416,068	11,405,521
Transfers for the year	10,042,056	0	-10,042,056
Cost at 31 December	154,187,651	2,234,726	8,475,939
Impairment losses and amortisation at 1 January	64,299,443	440,947	0
Amortisation for the year	26,407,242	693,633	0
Impairment losses and amortisation at 31 December	90,706,685	1,134,580	0
Carrying amount at 31 December	**63,480,966**	**1,100,146**	**8,475,939**

Notes to the Financial Statements

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost at 1 January	2,009,666	1,063,371
Additions for the year	51,822	0
Cost at 31 December	2,061,488	1,063,371
Impairment losses and depreciation at 1 January	1,683,731	1,039,815
Depreciation for the year	175,634	17,667
Impairment losses and depreciation at 31 December	1,859,365	1,057,482
Carrying amount at 31 December	**202,123**	**5,889**

10 Investments in subsidiaries

	2015	2014
	DKK	TDKK
Cost at 1 January	2,534,647	2,535
Cost at 31 December	2,534,647	2,535
Value adjustments at 1 January	766,939	642
Exchange adjustment	15,758	0
Net profit/loss for the year	661,895	125
Value adjustments at 31 December	1,444,592	767
Carrying amount at 31 December	**3,979,239**	**3,302**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
TIA Technology UK Ltd.	England	100%
TIA Technology UAB	Lithuania	100%

Notes to the Financial Statements

11 Equity

The share capital consists of 5,000 shares of a nominal value of DKK 100. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

12 Provision for deferred tax

	2015 DKK	2014 TDKK
Intangible assets	16,072,000	11,296
Property, plant and equipment	-64,000	-57
Provision	-3,647,000	0
Tax loss carry-forward	-3,315,844	0
	9,045,156	**11,239**

Deferred tax has been provided at 22% corresponding to the current tax rate.

13 Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

Notes to the Financial Statements

14 Contingent assets, liabilities and other financial obligations

Rental agreements and leases

	2015 DKK	2014 TDKK
The Company has entered into a lease on office premises		
The lease is non-cancellable for 120 months		
Lease commitment	15,342,831	1,396
The Company has concluded an outsourcing contract on operation and lease of IT equipment.		
Contractual commitment	4,277,573	8,752
The Company has concluded operating leases on company cars.		
The contracts are non-cancellable for 22 months.		
Lease commitment	406,833	218

The Company has concluded an outsourcing contract on operation and lease of IT equipment. The contract runs until 2018 but may, for a fee, be terminated prematurely. Monthly payment is DKK 216k.

Contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Thor Denmark Holding A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

15 Related parties and ownership

	Basis
Controlling interest	
THOR Denmark Holding ApS	Principal shareholder

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

THOR Denmark Holding ApS, Bredevej 2, DK-2830 Virum

.

Consolidated Financial Statements

TIA Technology A/S is included in the consolidated Financial Statements of THOR Denmark Holding ApS, CVR No 35 86 87 71.

Accounting Policies

Basis of Preparation

The Annual Report of Tia Technology A/S for 2015 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

Financial Statements for 2015 are presented in DKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of THOR Denmark Holding ApS, CVR No 35 86 87 71, the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of THOR Denmark Holding ApS, CVR No 35 86 87 71, the Company has not prepared a cash flow statement.

Recognition and measurement

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

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Accounting Policies

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Cost of goods sold

Cost of goods sold comprise external consulting fees.

Other external expenses

Other external expenses comprise espenses for distribution, sale, marketing, administration premises, bad debts and office expenses, etc.

Accounting Policies

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish Companies. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

Software and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 3-5 years.

Development projects that are clearly defined and identifiable products and processes in respect of which the technical rate of utilisation, adequate resources and a potential future market or development

Accounting Policies

opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the product or process in question are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

The cost of development projects comprises costs such as salaries that are directly and indirectly attributable to the development projects.

Development projects are amortised on of straight-line basis over its useful life, which is assesed at 3-5 years.

Profits and losses from the sale of intangible assets are calculated as the difference between the selling price minus selling costs and the carrying amount at the time of sale. Profits or losses are recognised in the income statement as an adjustment to amortisation and impairment losses, or in other operating income if the selling price exceeds original cost.

Property, plant and equipment

Other fixtures and fittings, tools and equipment and leasehold are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item"Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of any remaining value of positive differences (goodwill) and deduction of any remaining value of negative differences (negative goodwill).

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Fixed asset investments

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Accounting Policies

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$
EBIT-margin (%)	$\frac{\text{Operating profit (EBIT)/loss x 100}}{\text{Revenue}}$
Return on invested capital including goodwill (%)	$\frac{\text{Operation profit/loss (EBIT) x 100}}{\text{Average invested capital including}}$
Revenue/invested capital including goodwill	$\frac{\text{Revenue}}{\text{Average invested capital including goodwill}}$
Finanial gearing	$\frac{\text{Net interest - bearing debt}}{\text{Equity}}$

EBIT (Earnings Before Interest and Tax) is defined as operating profit.

Invested capital including goodwill is defined as net working capital plus property, plant and equipment and intangible assets as well as accumulated amortisation of goodwill, and minus other provisions and other long-term operating liabilities. Accumulated impairment losses on goodwill are not added.

Net working capital is defined as inventories, receivables and other operating current assets net of trade payables and other short-term operating liabilities. Receivables and income tax payables as well as cash are not included in net working capital.

Net interest-bearing debt is defined as interest-bearing liabilities, including income tax payable, net of interest-bearing assets, including cash and income tax receivable.