Bisnode Danmark A/S

Gyngemose Parkvej 50, 8, DK-2860 Søborg

CVR no 24 20 52 15

Annual report for 2016

Adopted at the annual general meeting
on 6 April 2017

Svend Tøttrup
Chairman

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Statement by Management on the annual report

The Executive and Supervisory Boards have today discussed and approved the annual report of Bisnode Danmark A/S for the financial year 1 January - 31 December 2016.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016.

In our opinion, Management's review includes a fair review of the matters dealt with in the Management's review

We recommend the adoption of the annual report at the annual general meeting.

Copenhagen, 6 April 2017

Executive Board

Birger Baylund

Supervisory Board

Magnus Silfverberg

Karin Sandsjö

Patrik Edvinsson

Independent auditor's report

To the shareholder of Bisnode Danmark A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2016, and of the results of the Company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Bisnode Danmark A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

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 Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Independent auditor's report

Management's Responsibilities 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.

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

Auditor's Responsibilities for the Audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for 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 Company's internal control.

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

Independent auditor's report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Copenhagen, 6 April 2017

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR-nr. 33 77 12 31

Niels Henrik B. Mikkelsen
State Authorised Public Accountant

Company details

Bisnode Danmark A/S
Gyngemose Parkvej 50, 8
DK-2860 Søborg
Tel: 3816 9700

CVR-no.	24 20 52 15
Financial year:	1 January - 31 December
Domicile:	Søborg

Supervisory Board
Magnus Silfverberg
Karin Sandsjö
Patrik Edvinsson

Executive Board
Birger Baylund

Auditors
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Consolidated Annual Report

The Company is included in the group annual report of :

Bisnode AB, Box 1661, 111 96 Stockholm, Sweden

Financial highlights

5-year summary:

	2016	2015	2014	2013	2012
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Profit/loss before financial income and expenses	7.498	5.902	1.150	3.416	-304
Net financials	-10.788	-2.323	-2.081	3.215	3.736
Profit/loss for the year	-5.442	2.116	-2.219	4.309	3.898
Balance sheet					
Balance sheet total	211.937	158.771	172.608	86.406	134.121
Investment in property, plant and equipment	-575	-1.191	-461	-458	-531
Equity	61.857	52.298	50.182	48.794	109.493
Number of employees	76	73	58	30	24
Financial ratios					
Return on assets	4,0%	3,7%	0,7%	4,0%	-0,2%
Solvency ratio	29,2%	32,9%	29,1%	56,5%	81,6%
Return on equity	-9,5%	4,1%	-4,5%	5,4%	3,6%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies.

Management's review

Business activities

The Company's main activity is to act directly or through subsidiaries, for enterprises which do business within collecting, processing and sale of information and other related business activities. The Company also manage and coordinate purchase and more for wholly owned subsidiary, which secondary is invoiced to the specific company.

In September 2016 Bisnode Danmark A/S acquired NN Markedsdata and strengthens its position in the Danish market. Through the acquisition two of the largest companies in the market for credit and marketing data join forces. With the acquisition of NN Markedsdata Bisnode will expand the operations of the core business area: to deliver credit and marketing data & analytics services. NN Markedsdata as a strong focus on creating value for their customers and a strong employee engagement - a culture which is a good match with Bisnode.

The two organizations have been combined to one in 2016 and the two legal entities will be merged during 2017.

Business review

The Company's income statement for the year ended 31 December shows a loss of DKK 5.441.649, and the balance sheet at 31 December 2016 shows equity of DKK 61.856.678. Income Statement is negatively effected by one off costs related to the acquisition of NN MarkedsData and the subsequent merger of the two organizations.

Data is the new natural resource of time, but it needs refining to create value and actionable insights. We aim to become the most wanted partner within Data & Analytics pioneering Smart Data to enable our customers to make Smart Decisions.

Customers' need for data and analytics is greater and more crucial than ever. Yet we constantly need to develop our offerings and improve the quality in our solutions. With strong customer focus we expect to be able to further develop our business.

Knowledge resources

To be able to service our Costumer in the best possible way and continously investing in development of our skills and competences of our employees and use the power and curiosity in our organization to constantly improve and develop our processes and solutions.

Impact on external environment and measures of preventing, reducing or mitigating damage

Bisnode is member of UN Global Compact and are working to further development our measures and reports in this areas.

Management's review

Research and development activities in and for reporting entity

Our resources for new developments will continue at a high level benefitting from being part of the Bisnode Group.

Income statement 1 January - 31 December

	Note	2016 DKK	2015 DKK
Gross profit		**73.732.994**	**70.770.642**
Staff costs	1	-52.310.628	-53.144.216
Depreciation, amortisation and impairment of intangible and tangible assets	2	-11.485.899	-11.393.391
Other operating costs		-2.438.807	-331.390
Profit/loss before financial income and expenses		**7.497.660**	**5.901.645**
Income from investments in subsidiaries	3	-6.889.820	1.845.332
Financial income	4	152.867	170.318
Financial costs	5	-4.050.715	-4.338.218
Profit/loss before tax		**-3.290.008**	**3.579.077**
Tax on profit/loss for the year	6	-2.151.641	-1.462.720
Net profit/loss for the year		**-5.441.649**	**2.116.357**
Distribution of profit	7		

Balance sheet 31 December

	Note	2016 DKK	2015 DKK
Assets			
Completed development projects		9.284.065	4.937.112
Software		0	5.294.301
Goodwill		5.558.343	9.200.083
Intangible assets	8	**14.842.408**	**19.431.496**
Other fixtures and fittings, tools and equipment		368.277	894.283
Leasehold improvements		461.142	661.527
Tangible assets	9	**829.419**	**1.555.810**
Investments in subsidiaries	10	164.321.916	84.577.968
Deposits		812.610	886.483
Fixed asset investments		**165.134.526**	**85.464.451**
Fixed assets total		**180.806.353**	**106.451.757**
Trade receivables		14.960.756	15.610.161
Receivables from group entities		2.203.315	4.498.344
Other receivables		923	12.062
Deferred tax asset		671.791	945.301
Corporation tax		0	1.963.586
Prepayments		971.602	726.223
Receivables		**18.808.387**	**23.755.677**
Cash at bank and in hand		**12.322.112**	**28.563.941**
Current assets total		**31.130.499**	**52.319.618**
Assets total		**211.936.852**	**158.771.375**

Balance sheet 31 December

	Note	2016 DKK	2015 DKK
Liabilities and equity			
Share capital		35.000.000	35.000.000
Reserve development projects		5.033.843	0
Retained earnings		21.822.835	17.298.327
Equity	11	**61.856.678**	**52.298.327**
Other provisions		390.000	360.000
Provisions total		**390.000**	**360.000**
Payables to group entities		58.536.800	27.072.800
Other payables		0	22.500.000
Long-term debt	12	**58.536.800**	**49.572.800**
Payables to group entities	12	17.000.317	14.739.670
Trade payables		9.266.867	7.476.119
Corporation tax		2.147.691	0
Other payables		44.888.672	16.815.300
Deferred income		17.849.827	17.509.159
Short-term debt		**91.153.374**	**56.540.248**
Debt total		**149.690.174**	**106.113.048**
Liabilities and equity total		**211.936.852**	**158.771.375**
Subsequent events	13		
Rental agreements and lease commitments	14		
Related parties and ownership	15		

Equity

	Share capital	Reserve development projects	Retained earnings	Total
Equity at 1 January 2016	35.000.000	0	17.298.327	52.298.327
Transfers, reserves	0	5.033.843	-5.033.843	0
Net profit/loss for the year	0	0	-5.441.649	-5.441.649
Contribution from group	0	0	15.000.000	15.000.000
Equity at 31 December 2016	**35.000.000**	**5.033.843**	**21.822.835**	**61.856.678**

Notes

	2016	2015
	DKK	DKK
1 Staff costs		
Wages and salaries	48.666.658	49.399.660
Pensions	3.132.414	3.192.532
Other social security costs	511.556	552.024
	52.310.628	**53.144.216**
Average number of employees	76	73

According to section 98 B(3) of the Danish Financial Statements Act, renumeration to the Executive Board has not been disclosed.

2 Depreciation, amortisation and impairment of intangible and tangible assets		
Depreciation intangible assets	11.042.733	10.915.960
Depreciation tangible assets	529.702	477.431
Gain/loss on disposal	-86.536	0
	11.485.899	**11.393.391**
which breaks down as follows:		
Completed development projects	7.400.993	4.131.216
Software	0	2.603.899
Goodwill	3.641.740	4.180.845
Other fixtures and fittings, tools and equipment	329.317	288.381
Leasehold improvements	200.385	189.050
Loss/(profit) on sale of property, plant and equipment	-86.536	0
	11.485.899	**11.393.391**

Notes

3 Income from investments in subsidiaries

Amortisation of goodwill	-11.049.733	-7.811.523
Additional earn out	-3.085.000	0
Bisnode D&B Danmark A/S	3.446.234	5.847.602
Debitor Registret A/S	3.836.289	3.809.253
NN Markedsdata ApS	-37.610	0
	-6.889.820	**1.845.332**

4 Financial income

	2016 DKK	2015 DKK
Other financial income	47.420	4.058
Exchange gains	105.447	166.260
	152.867	**170.318**

5 Financial costs

	2016 DKK	2015 DKK
Financial expenses, group entities	2.474.586	2.698.918
Other financial costs	1.443.028	1.440.060
Exchange loss	133.101	199.240
	4.050.715	**4.338.218**

6 Tax on profit/loss for the year

Current tax for the year	1.878.133	508.376
Deferred tax for the year	284.509	954.344
Adjustment of deferred tax concerning previous years	-11.001	0
	2.151.641	**1.462.720**

The deferred tax asset DKK 0,7 mio. is expected to be used against positive income during 2017.

Notes

	2016	2015
	DKK	DKK
7 Distribution of profit		
Retained earnings	-5.441.649	2.116.357
	-5.441.649	**2.116.357**

8 Intangible assets

	Completed development projects	Software	Goodwill
Cost at 1 January 2016	40.971.383	20.421.859	20.365.121
Additions for the year	6.453.645	0	0
Transfers for the year	20.421.859	-20.421.859	0
Cost at 31 December 2016	67.846.887	0	20.365.121
Impairment losses and amortisation at 1 January 2016	36.034.271	15.127.558	11.165.038
Amortisation for the year	7.400.993	0	3.641.740
Transfers for the year	15.127.558	-15.127.558	0
Impairment losses and amortisation at 31 December 2016	58.562.822	0	14.806.778
Carrying amount at 31 December 2016	**9.284.065**	**0**	**5.558.343**

In 2016 Bisnode Danmark A/S completed and launched a new customer product and completed a number of automatization projects within data handling. In the past we showed two categories of intangible assets; completed development projects and software. In 2016 we have combined the two as the purpose are similar in the two categories.

Notes

9 Tangible assets

	Other fixtures and fittings, tools and equipment	Leasehold improvements
Cost at 1 January 2016	4.231.990	3.451.772
Additions for the year	236.775	0
Disposals for the year	-811.921	0
Cost at 31 December 2016	3.656.844	3.451.772
Impairment losses and depreciation at 1 January 2016	3.337.707	2.790.245
Depreciation for the year	329.317	200.385
Reversal of impairment and depreciation of sold assets	-378.457	0
Impairment losses and depreciation at 31 December 2016	3.288.567	2.990.630
Carrying amount at 31 December 2016	**368.277**	**461.142**

10 Investments in subsidiaries

	2016 DKK	2015 DKK
Cost at 1 January 2016	97.558.398	97.558.398
Additions for the year	83.548.768	0
Cost at 31 December 2016	181.107.166	97.558.398
Revaluations at 1 January 2016	-12.980.430	-14.825.762
Net profit/loss for the year	7.244.913	9.656.855
Amortisation of goodwill	-11.049.733	-7.811.523
Revaluations at 31 December 2016	-16.785.250	-12.980.430
Carrying amount at 31 December 2016	**164.321.916**	**84.577.968**

The goodwill from the acquisition of NN Markedsdata ApS will be amortized over 10 years. Bisnode Danmark A/S sees the aquisition as a long term investment which double the number of customers in Bisnode Danmark and make Bisnode the market leader in the SMB segment in Denmark. Based on the purchase price and adjustment of the equity to align with Bisnode Danmarks accounting principles the purchase consist of goodwill DKK 97 mio. and negative equity DKK 14 mio.

Notes

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Debitor Registret A/S	Gladsaxe, Danmark	2.417	92%
Bisnode D&B A/S	Gladsaxe, Danmark	510	100%
NN Markedsdata ApS	Højbjerg, Danmark	4.000	100%

In September 2016 Bisnode Danmark A/S acquired NN Markedsdata. The purchase consist of goodwill DKK 97 mio. and negative equity 14 mio.

11 Equity

The share capital consists of 35.000 shares of a nominal value of DKK 1.000. No shares carry any special rights.
There have been no changes in the share capital during the last 5 years.

12 Long term debt

	Debt at 1 January 2016	Debt at 31 December 2016	Payment within 1 year	Debt after 5 years
Payables to group entities	27.072.800	58.536.800	17.000.317	0
Other payables	22.500.000	0	0	0
	49.572.800	**58.536.800**	**17.000.317**	**0**

13 Subsequent events

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

Notes

	2016	2015
	DKK	DKK
14 Rental agreements and lease commitments		
Operating lease commitments. Total future lease payments:		
Within 1 year	2.194.460	2.243.000
Between 1 and 5 years	2.550.063	4.425.000
	4.744.523	**6.668.000**

15 Related parties and ownership

Transactions

There have been no transactions with related parties during the financial year.

Ownership

According to the Company's register of shareholders, the following shareholders hold a minimum of 5% of the voting rights or a minimum of 5% of the share capital:

Bisnode AB, Box 1661, 111 96 Stockholm, Sweden

Accounting policies

The annual report of Bisnode Danmark A/S for 2016 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 are consistent with those of last year.

The annual report for 2016 is presented in DKK

In accordance with section 86(4) of the Danish Financial Statements Act, no cash flow statement is shown. The cash flow statement is a part of the consolidated financial statements of the parent company.

Pursuant to sections §112, of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

Basis of recognition and measurement
Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company's 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 from the company's and the value of the liability can be measured reliably.

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

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report are presented and which confirm or invalidate matters existing at the balance sheet date.

Accounting policies

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less raw materials and consumables and other external expenses.

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Subscription contracts are considered delivered continuing over the subscription period. Subscription contracts include access to databases and other electronic information.

Revenue is measured at fair value of the agreed consideration ex. VAT and taxes charged on behalf of third parties. Revenue is net of all types of discounts granted.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible and tangible assets.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions, amortisation of mortgage loans and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Profit/loss from investments in subsidiaries and associates

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

Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory joint taxation.

Accounting policies

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, including changes arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Goodwill

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.

Development projects

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item "Reserve development projects". The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

Tangible assets

Tangible assets are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Interest expenses on loans obtained specifically for the purpose of financing the manufacture of property, plant and equipment are included in cost over the manufacturing period. All indirect, attributable borrowing costs are recognised in the income statement.

Accounting policies

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-10	years
Leasehold improvements	5	years

Leases

Leases for items of property, plant and equipment that transfer substantially all the risks and rewards incident to ownership to the company (finance leases) are recognised in the balance sheet as assets. On initial recognition, assets are measured at estimated cost, corresponding to the lower of fair value of the leased asset and the present value of the future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the company's other non-current assets.

The capitalised residual lease commitment is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The company's total liabilities relating to operating leases and other rent agreements are disclosed under 'Contingencies, etc.'.

Accounting policies

Investments in subsidiaries and associates
Investment in subsidiaries and associates 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 identifiable net assets at the time of aquisition 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).

Goodwill included in investments in subsidiaries is amortised over 10 years. Goodwill will be amortized over the expected life time of the acquisition yet in case the long term period is difficult to fix we set the amortization period to 10 years.

The total net revaluation of investments in subsidiaries and associates 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 and the associates.

Impairment of fixed assets
The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is reviewed for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

Receivables
Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Receivables for which there is no objective indication of individual impairment are reviewed for impairment on a portfolio basis. The portfolios are primarily composed on the basis of debtors' domicile and credit ratings in accordance with the Company's credit risk management policy. The objective indicators used for portfolios are determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received, using the effective interest rate of individual receivables or portfolios of receivables as discount rate.

Accounting policies

Prepayments
Prepayments comprise costs incurred concerning subsequent financial years.

Provisions
Provisions comprise expected expenses relating to guarantee commitments, losses on work in progress, reconstructions, etc. Provisions are recognised when as a result of a past event the company's has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Income tax and deferred tax
Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss allowed for carry forward are measured at the value to which the asset is expected to be realised, either by elimination in tax on future income or by offsetting against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Liabilities
Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Mortgage debt is thus measured at amortised cost, which for cash loans corresponds to the outstanding debt. For bond loans, amortised cost corresponds to an outstanding debt calculated as the underlying cash value of the loan at the time of borrowing, adjusted by amortisation of the value adjustment of the loan at the time of borrowing.

Financial liabilities also include the capitalised residual finance lease commitment.

Deferred income
Deferred income comprises payments received concerning income in subsequent reporting years.

Accounting policies

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign-exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

Financial Highlights

Definitions of financial ratios.

Return on assets $$\frac{\text{Profit/loss before financials x 100}}{\text{Total assets}}$$

Solvency ratio $$\frac{\text{Equity at year end x 100}}{\text{Total assets}}$$

Return on equity $$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$$