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Havneholmen 29
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CVR no. 20 22 26 70

GAVDI A/S
GYNGEMOSE PARKVEJ 50, 9., 2860 SØBORG
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2016

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 12 June 2017**

Jeffrey Bruun

The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

CVR NO. 25 05 77 32

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COMPANY DETAILS

Company	Gavdi A/S Gyngemose Parkvej 50, 9. 2860 Søborg CVR no.: 25 05 77 32 Established: 15 November 1999 Registered Office: Gladsaxe Financial Year: 1 January - 31 December
Board of Directors	Michael Koppelhus, Chairman Lars Steffen Knudsen Søren Koppelhus
Board of Executives	Søren Koppelhus Jeffrey Bruun
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V
Bank	Danske Bank Holmens Kanal 2 1090 Copenhagen K
Law Firm	Homann Advokater Amagertorv 11 1160 Copenhagen K
General Meeting	The Annual General Meeting is held on 12 June 2017 at the company's address.

STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of Gavdi A/S for the year 1 January - 31 December 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 the Company's financial position at 31 December 2016 and of the results of the the Company's operations for the financial year 1 January - 31 December 2016.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the review.

We recommend the Annual Report be approved at the Annual General Meeting.

Søborg, 12 June 2017

Board of Executives

Søren Koppelhus

Jeffrey Bruun

Board of Directors

Michael Koppelhus
Chairman

Lars Steffen Knudsen

Søren Koppelhus

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Gavdi A/S

Opinion

We have audited the Financial Statements of Gavdi A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2016 and of the results of the Company operations for the financial year 1 January - 31 December 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 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.

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.

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 Responsibility for 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.

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 Statements Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 12 June 2017

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Per Frost Jensen
State Authorised Public Accountant

FINANCIAL HIGHLIGHTS

	2016 DKK '000	2015 DKK '000	2014 DKK '000	2013 DKK '000	2012 DKK '000
Income statement					
Net revenue.....	74.317	88.768	89.441	106.873	119.367
Gross profit/loss.....	58.121	68.525	72.010	81.049	69.057
Operating profit/loss.....	-320	1.127	3.388	2.551	5.330
Financial income and expenses, net.....	1.036	907	637	1.064	1.265
Profit/loss for the year.....	468	1.455	2.961	2.625	4.881
Balance sheet					
Balance sheet total.....	82.934	91.277	88.049	77.380	65.051
Equity.....	36.712	36.245	34.789	31.828	29.204
Average number of full-time employees.....	61	66	66	73	61
Ratios					
Gross margin.....	78,2	77,2	80,5	75,8	57,9
Profit margin.....	-0,4	1,3	3,8	2,4	4,5
Solvency ratio.....	44,3	39,7	39,5	41,1	44,9
Return on equity.....	1,3	4,1	8,9	8,6	18,2
Return on assets.....	-0,4	1,3	4,1	3,6	8,2
Current ratio.....	167,2	162,8	157,8	157,1	163,6

The ratios stated in the list of key figures and ratios have been calculated as follows:

Gross margin:	$\frac{\text{Gross profit} \times 100}{\text{Net revenue}}$
Profit margin:	$\frac{\text{Operating profit/loss} \times 100}{\text{Net revenue}}$
Solvency ratio:	$\frac{\text{Equity ex. minorities, at year end} \times 100}{\text{Total equity and liabilities, at year end}}$
Return on equity:	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$
Return on assets	$\frac{\text{Operating profit/loss}}{\text{Average assets} \times 100}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$

The ratios follow in all material respects the recommendations of the Danish Finance Society.

MANAGEMENT'S REVIEW

Principal activities

The principal activities comprise consultancy services around the cloud solutions from SAP being SuccessFactors for People, Cloud for sales for Customer Relationship Management and Concur for Travel and Expense Management.

Gavdi A/S is part of Gavdi Group A/S, the European leader in SAP People Solutions and one of the fastest growing consultancies focusing on the cloud solutions from SAP.

Gavdi A/S continues to provide services to many of Denmark's largest and public business.

Development in activities and financial position

The development in 2016 has shown a slow and difficult market. Customers are no longer investing in their On Premise solution and their transition to cloud is still slow, however end of 2016 we have witness and increasing interest in cloud payroll.

Our Customer satisfaction is still very high and we are constantly increasing our customer base especially by offering SuccessFactors solutions and consultancy, which is potentially covering a higher degree of the market for HR solutions. 2016 has also moved us closer to SAP based on our expertise and shown track record of successful implementations and our reach within the Gavdi Group.

Management is not satisfied with the profit for the year and are working on new initiatives to improve it.

Profit/loss for the year compared to future expectations

Management expectations to revenue and profitability for 2016 was not fulfilled due to the above mentioned local market development and decline in revenue is the main reason for lower than expected profitability even as capacity was adjusted as planned.

Significant events after the end of the financial year

No events have occurred after the end of the financial year of material importance for the company's financial position.

Knowledge resources

Considering its employees to be its most important asset and sustaining and strengthening competences to be crucial to its ongoing development, the company works continuously to offer relevant training and career development to maintain Gavdi A/S's position as an attractive and innovative workplace characterized by a high competence level.

Future expectations

Management expects revenue for 2017 to be in the same level as 2016, however with an increased profitability due to increase in revenue from subscriptions and products combined with optimization of internal staffing.

Management considers the company's risk exposure to be negligible as its business is centered around solvent customers and strategic cooperation agreements providing the basis for long term working relations.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2016 DKK	2015 DKK
NET REVENUE		74.317.016	88.768.409
Other operating income.....		6.623.524	4.206.210
Other external expenses.....		-22.819.180	-24.449.936
GROSS PROFIT		58.121.360	68.524.683
Staff costs.....	1	-56.913.299	-64.990.734
Depreciation, amortisation and impairment.....		-1.527.962	-2.407.141
OPERATING LOSS		-319.901	1.126.808
Other financial income.....	2	2.698.545	2.605.917
Other financial expenses.....	3	-1.662.560	-1.699.019
PROFIT BEFORE TAX		716.084	2.033.706
Tax on profit for the year.....	4	-248.527	-578.652
PROFIT FOR THE YEAR	5	467.557	1.455.054

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2016 DKK	2015 DKK
Intangible fixed assets acquired.....		4.879.999	0
Goodwill.....		0	0
Intangible fixed assets.....	6	4.879.999	0
Other plant, machinery, tools and equipment.....		241.601	1.830.408
Tangible fixed assets.....	7	241.601	1.830.408
Deposits.....		504.905	442.182
Fixed asset investments.....	8	504.905	442.182
FIXED ASSETS.....		5.626.505	2.272.590
Trade receivables.....		13.211.594	18.890.200
Contract work in progress.....		782.445	222.501
Receivables from group enterprises.....		62.028.825	68.792.558
Deferred tax assets.....	9	147.445	22.786
Other receivables.....		252.092	259.587
Prepayments and accrued income.....	10	823.659	740.248
Receivables.....		77.246.060	88.927.880
Cash and cash equivalents.....		61.479	76.954
CURRENT ASSETS.....		77.307.539	89.004.834
ASSETS.....		82.934.044	91.277.424

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2016 DKK	2015 DKK
Share capital.....	11	500.000	500.000
Retained profit.....		36.212.084	35.744.528
EQUITY.....		36.712.084	36.244.528
Other bank debt.....		101.947	357.361
Long-term liabilities.....	12	101.947	357.361
Short-term portion of long-term liabilities.....	12	45.300	162.000
Bank debt.....		9.594.081	8.558.173
Trade payables.....		2.375.489	1.416.197
Payables to group enterprises.....		12.450.844	23.175.479
Corporation tax.....		1.005.899	632.713
Other liabilities.....		16.975.314	17.826.423
Accruals and deferred income.....	13	3.673.086	2.904.550
Current liabilities.....		46.120.013	54.675.535
LIABILITIES.....		46.221.960	55.032.896
EQUITY AND LIABILITIES.....		82.934.044	91.277.424
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EQUITY

	Share capital	Retained profit	Total
Equity at 1 January 2016.....	500.000	35.744.527	36.244.527
Proposed distribution of profit.....		467.557	467.557
Equity at 31 December 2016.....	500.000	36.212.084	36.712.084

NOTES

	2016 DKK	2015 DKK	Note
Staff costs			1
Average number of employees 61 (2015: 66)			
Wages and salaries.....	53.205.027	60.451.286	
Pensions.....	2.645.047	2.918.900	
Social security costs.....	490.687	550.350	
Other staff costs.....	572.538	1.070.198	
	56.913.299	64.990.734	
Remuneration of Management.....	2.403.000	2.808.000	
Remuneration of board of directors.....	250.000	300.000	
	2.653.000	3.108.000	
The Board of Directors has not received any separately remuneration.			
Other financial income			2
Group enterprises.....	2.625.000	2.587.000	
Other interest income.....	73.545	18.917	
	2.698.545	2.605.917	
Other financial expenses			3
Group enterprises.....	778.198	813.263	
Other interest expenses.....	884.362	885.756	
	1.662.560	1.699.019	
Tax on profit for the year			4
Calculated tax on taxable income of the year.....	373.186	632.713	
Adjustment of deferred tax.....	-124.659	-54.061	
	248.527	578.652	
Proposed distribution of profit			5
Accumulated profit.....	467.557	1.455.054	
	467.557	1.455.054	

NOTES

			Note
Intangible fixed assets			6
	Intangible fixed assets acquired	Goodwill	
Cost at 1 January 2016.....	7.600.000	500.000	
Additions.....	6.100.000	0	
Cost at 31 December 2016.....	13.700.000	500.000	
Amortisation at 1 January 2016.....	7.600.000	500.000	
Depreciation for the year.....	1.220.001	0	
Depreciation at 31 December 2016.....	8.820.001	500.000	
Carrying amount at 31 December 2016.....	4.879.999	0	
 Tangible fixed assets			 7
		Other plant, machinery, tools and equipment	
Cost at 1 January 2016.....		4.699.727	
Disposals.....		-2.454.253	
Cost at 31 December 2016.....		2.245.474	
Depreciation and impairment losses at 1 January 2016.....		2.869.322	
Reversal of depreciation of assets disposed of.....		-1.173.407	
Depreciation for the year.....		307.958	
Depreciation and impairment losses at 31 December 2016.....		2.003.873	
Carrying amount at 31 December 2016.....		241.601	
 Fixed asset investments			 8
		Deposits	
Cost at 1 January 2016.....		442.182	
Additions.....		62.723	
Cost at 31 December 2016.....		504.905	
Carrying amount at 31 December 2016.....		504.905	

NOTES

				Note
Deferred tax assets				9
Provision for deferred tax comprises deferred tax on contract work in progress and intangible and tangible fixed assets.				
		2016	2015	
		DKK	DKK	
Deferred tax assets, 1. januar 2016.....		22.786	-31.275	
Adjustment of deferred tax.....		124.659	54.061	
Deferred tax assets 31 December 2016.....		147.445	22.786	
The Company's deferred tax assets are recognised in the Balance Sheet at DKK ('000) 147. The tax asset relates to temporary differences between the carrying amount and the tax value of assets and liabilities. The tax assets is recognised on the basis of expectations to utilise the deferred tax assets.				
Prepayments and accrued income				10
Prepayments and accrued income comprise prepaid costs, primarily insurances, membership fees, rent, lease payments, relating to the next financial year.				
		2016	2015	
		DKK	DKK	
Share capital				11
Specification of the share capital:				
A-shares, 300 in the denomination of 1.000 DKK.....		300.000	300.000	
B-shares, 200 in the denomination of 1.000 DKK.....		200.000	200.000	
		500.000	500.000	
Long-term liabilities				12
	1/1 2016	31/12 2016	Repayment	Debt outstanding
	total liabilities	total liabilities	next year	after 5 years
Other bank debt.....	519.361	147.247	45.300	0
	519.361	147.247	45.300	0
Accruals and deferred income				13
Accruals and deferred income comprises payments to sales that are not recognised as income until in the subsequent financial year when the recognition criteria are satisfied.				

NOTES

	Note
Contingencies etc.	14

Contingent liabilities

	2016 DKK	2015 DKK
Lease liabilities (operating leases):		
Rent and lease liabilities.....	2.684.797	1.253.116

Joint liabilities

The company is jointly and severally liable together with the parent company and the other Danish group companies in the jointly taxed group for tax on the group's jointly taxed income and for certain possible withholding taxes such as dividend tax and royalty tax.

Tax payable of the group's jointly taxed income is stated in the annual report of Famkop Holding ApS, which serves as management company for the joint taxation.

Charges and securities

	Carrying amount of assets DKK	Nominal value of mortgage or outstanding debt DKK
The following assets have been provided as security for debt:		
Chattel mortgage on trade receivables.....	13.211.594	12.000.000

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Related parties

The Controlling interest

Gavdi Group A/S, Gyngemose Parkvej 50, 2860 Søborg is the principal shareholder.

Other related parties having performed transactions with the company

The company's related parties having a significant influence comprise subsidiaries and associates as well as the companies' Board of Directors, Board of Executives and executive officers and their relatives. Related parties include also companies in which the above mentioned group of persons has material interests.

Transactions with related parties

The company did not carry out any substantial transactions that were not concluded on market conditions.

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Consolidated financial statements

The Company is included in the consolidated financial statements of Gavdi Group A/S, Gyngemose Parkvej 50, 2860 Søborg, CVR No.: 29 79 96 44 and in the consolidated financial statements of the ultimate parent, Famkop Holding ApS, Ceresvej 22, 1863 Frederiksberg C, CVR No.: 25 80 79 36.

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ACCOUNTING POLICIES

The annual report of Gavdi A/S for 2016 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, medium enterprise.

The Annual Report is prepared consistently with the accounting principles used last year.

INCOME STATEMENT

Net revenue

Net revenue from sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible fixed assets.

Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operational lease expenses, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

Financial income and expenses in general

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax on profit for the year

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

BALANCE SHEET

Intangible fixed assets

Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated to 5 years. The period of amortisation is determined based on an assessment of the acquired company's position in the market and earnings profile, and the industry-specific conditions.

Development costs comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the company's development activities and which fulfil the criteria for recognition.

ACCOUNTING POLICIES

Tangible fixed assets

Other plants, machinery, tools and equipment are measured at cost less accumulated depreciation and write-down.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Other plants, machinery, tools and equipment.....	2-5 years	0-30 %

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Fixed asset investments

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

Impairment of fixed assets

The carrying amount of intangible and tangible fixed assets together with investments, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, write-down is provided to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by write-down to meet expected losses.

Contract work in progress

Work in progress on contract is measured at the sales value of the work performed. The sales value is measured on the basis of the degree of completion on the balance sheet date and the total anticipated revenue related to the specific piece of work in progress.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

ACCOUNTING POLICIES

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the on account tax scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against 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 under the legislation in force on the balance sheet date would be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the income statement over the term of loan.

Other liabilities are measured at amortised cost equal to nominal value.

Accruals, liabilities

Accruals recognised as liabilities include payments received regarding income in subsequent years.

CASH FLOW STATEMENT

With reference to Section 86(4) of the Danish Financial Statements Act, the company has not prepared a cash flow statement.