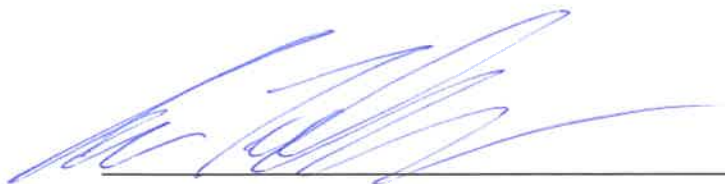


Valcon A/S

Meldahlsgade 5
1613 Copenhagen

Annual Report
1 July 2017-30 June 2018

**The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 27 September 2018**



Lars Kallestrup

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Corporate Information

Company

Valcon A/S
Meldahlsgade 5
1613 Copenhagen
Phone number: +45 45802037
Fax: +45 45808137
CVR no.: 25 25 40 90
Financial year: 01/07/2017-30/06/2018

Bank

Danske Bank,
Holmens Kanal 2
1090 København K

Auditor

PRICEWATERHOUSECOOPERS
STATSAUTORISERET REVISIONSPARTNERSELSKAB
Strandvejen 44
2900 Hellerup
DK Danmark
CVR no.: 33771231
Production unit no.: 1016959517

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Valcon A/S for the financial year 1 July 2017 – 30 June 2018.

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

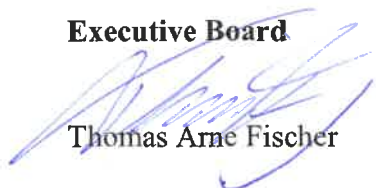
In our opinion, the Financial Statements give a true and fair view of the financial position at 30 June 2018 of the Company and of the results of the Company operations for the financial year 1 July 2017 – 30 June 2018.

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, on 27 September 2018

Executive Board



Thomas Arne Fischer

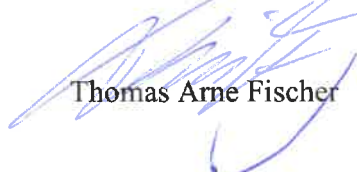
Board of Directors



Lars Devantier Kallestrup



Poul Præstegaard Skadhede



Thomas Arne Fischer

Independent Auditor's Report

To the Shareholders of Valcon A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 June 2018, and of the results of the Company's operations for the financial year 1 July 2017 - 30 June 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Valcon A/S for the financial year 1 July 2017 - 30 June 2018, 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, in our view, 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 in Management's Review.

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.

Independent Auditor's Report

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:

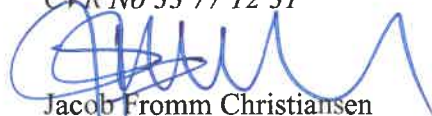
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting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

Independent Auditor's Report

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.

Hellerup, 27 September 2018

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31



Jacob Fromm Christiansen
State Authorised Public Accountant
mne18628



Kim Danstrup
State Authorised Public Accountant
mne32201

Management's Review

Valcon A/S is part of the Valcon group, which consists of knowledge-based companies. In Denmark, the group consists of the Parent Company Valcon Business Development A/S as well as Valcon A/S and Odense Maritime Technology A/S, with companies abroad in both Sweden, England, China, USA and Canada.

The business area is centred on strategic development and on operational development and management of our clients' business development, product and service development, sales, procurement and supply chain, production and distribution.

As with previous years, Valcon A/S has contributed to the group's mission through consultancy services within the areas of strategy, management, change leadership, innovation, transformation, digitalisation and efficiency improvements in both the private and public sectors.

Valcon A/S has strong competences within execution in all our areas and constantly works on being the consultancy showing how to connect strategy with operations and how to implement pragmatic solutions and ensure results. Valcon is the premium operations consulting firm in Europe, and our objective is still to be the most value-adding management consultancy.

Development in the year

Valcon A/S keeps focus on growth and continues to execute the "All the Way" strategy under the headlines, "One strong team", "Wining international trophies" and "Stronger at home". "All the Way" consists of an ambitious initiative portfolio aimed at both market and competence development to secure Valcon's continued development as one of the most successful strategy and operations management consultancies in Europe. Valcon is positioned as the premium operations consulting firm in Europe with Scandinavian roots and values. Based on our Scandinavian roots, Valcon has set an aspiration to become the happiest company in the world and will investigate and invest in how to achieve world-class well-being for all employees based on OECD metrics. During this year, we have delivered a long range of assignments in Scandinavia and increasingly outside Scandinavia. This year, Valcon delivered more than 30% of our revenues outside Scandinavia proving our position and our strategic direction. Further, Valcon has this year relocated the Danish head office to central Copenhagen and invested in creating a modern, productive and open space for our employees, our clients, our business partners and start-ups that can benefit from a helping hand.

Valcon's growth of 3% is considered reasonable based on the large efforts invested in the execution of our strategy and the considerable effort in sales outside Scandinavia.

This year's operating profit/loss of DKK 32.1 million compared with DKK 23.6 million the previous year is considered to be reasonable.

During this year, we have fully integrated a one company mindset, and we now work as one strong business in the Danish/Swedish home market.

Management's Review

The Company's knowledge resources

The Company's opportunities to retain and recruit a highly qualified staff is critical to the continued development of the Company.

Over the year, we have focused on strengthening our recruitment platform, including continued focus on a talent programme for attracting and training the best candidates from universities and business schools in and outside Scandinavia, as well as a comprehensive development programme for all consultants in Valcon. We continue to work on creating concepts and building competences to increase the value of our services to our clients, including ensuring that Valcon has the most efficient methods for leading transformations and a revolutionary shift in paradigm in product development called Six Theta®.

Special risks

The Company's consultancy services are broadly based within operational and strategic consulting, and the risks the Company may be exposed to are consequently in essence the same risks found within consulting in general. There are no special financial risks with respect to the development in interest rates or exchange rates.

Outlook

Over the year, Valcon has strengthened our basis for future growth, both through a strengthened position in the market in and outside Scandinavia, and through a significant number of new consultants and through continued strengthening of internal processes and competences.

Valcon A/S will in the coming financial year continue the development within all the areas in "All the Way" to support the growth in both turnover and result. Growth in both turnover and result is expected for the coming financial year.

Financial Highlights

	2017/18 DKK'000	2016/17 DKK'000	2015/16 DKK'000	2014/15 DKK'000	2013/14 DKK'000
Key figures					
Net revenue	265,518	258,190	264,994	236,098	209,867
Gross profit/loss	181,764	171,808	180,319	157,178	135,557
Operating profit/loss	42,423	31,105	48,392	38,548	27,258
Net financials	-1,297	-776	-848	310	209
Net profit/loss for the year	32,136	23,579	35,890	29,703	20,680
Fixed assets	12,110	6,763	3,951	3,019	4,066
Current assets	121,441	123,834	127,048	103,421	84,176
Balance sheet total	133,522	130,597	130,998	106,440	88,241
Equity	68,508	60,045	63,434	48,587	32,593
Key figures					
Profit margin	16.0%	12.0%	18.3%	16.3%	13.0%
Return on invested capital	48.0%	39.4%	58.4%	45.4%	37.0%
Gross margin	68.5%	66.5%	68.0%	66.6%	64.6%
Solvency ratio	51.3%	46.0%	48.4%	45.6%	36.9%
Return on equity	49.9%	38.2%	64.1%	73.2%	66.8%
Average number of employees	130	129	116	109	105

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.

As part of a legal restructuring of the Valcon group, the associated company Valcon Design A/S was merged as at 1 July 2016 with Valcon A/S as the continuing company. Adjustments have been made to key figures for the financial year 2013/14 to 2015/16.

Income Statement as at 1 July 2017 – 30 June 2018

		2017/18	2016/17
	Note	DKK	DKK
Net revenue		265,518,497	258,189,787
External expenses		-83,754,250	-86,381,874
Gross profit/loss		181,764,247	171,807,913
Staff expenses	1	-138,018,638	-140,089,317
Amortisation, depreciation and impairment losses		-1,323,038	-613,699
Operating profit/loss		42,422,571	31,104,897
Income from investments in subsidiaries		542,108	-17,006
Other financial income	2	978,306	1,264,193
Other financial expenses	3	-2,821,718	-2,023,019
Profit/loss from ordinary activities before tax		41,121,267	30,329,065
Tax on profit/loss for the year	4	-8,985,667	-6,750,445
Net profit/loss for the year		32,135,600	23,578,620
Proposed distribution of profit	5		

Balance Sheet as at 30 June 2018

	Note	2017/18 DKK	2016/17 DKK
Assets			
Development projects in progress		0	437,553
Acquired licenses (software)		4,539,704	628,543
Total intangible assets	6	4,539,704	1,066,096
Other fixtures and fittings, tools and equipment		0	12,965
Leasehold improvements		1,280,263	17,825
Total property, plant and equipment	7	1,280,263	30,790
Investments in subsidiaries		2,887,911	1,895,313
Deposits		3,402,462	3,770,700
Total fixed asset investments	8	6,290,373	5,666,014
Total fixed assets		12,110,340	6,762,900
Trade receivables		68,437,078	58,039,612
Contract work in progress	9	4,830,483	7,358,162
Receivables from group enterprises		7,220,838	8,378,595
Deferred tax assets	10	0	1,288,926
Other receivables		10,213	141,474
Prepayments	11	1,315,611	930,646
Total receivables		81,814,224	76,137,415
Cash at bank and in hand		39,596,964	47,696,168
Total current assets		121,441,188	123,833,583
Total assets		133,521,528	130,596,483

Balance Sheet as at 30 June 2018

Liabilities and equity

	Note	2017/18 DKK	2016/17 DKK
Registered capital, etc.		887,850	887,850
Retained earnings		67,620,290	59,157,343
Total equity		68,508,140	60,045,193
Prepayments received from customers for contract work in progress	9	6,999,740	4,306,649
Trade payables		6,860,410	5,086,777
Payables to group enterprises		1,505,362	12,917,007
Provision for deferred tax	10	1.106.483	0
Other payables, including taxes and other social security expenses		48,541,393	48,240,857
Total short-term debt		65,013,388	70,551,290
Total payables		65,013,388	70,551,290
Total liabilities and equity		133,521,528	130,596,483
 Contractual obligations	 12		
Provisions, contingent liabilities and contingent assets	 13		
Related parties and ownership	 14		
Events after the balance sheet date	 15		
Accounting policies	 16		

Statement of changes in equity

Total equity

	Company capital DKK	Retained earnings DKK	In total DKK
Equity at the beginning of the year	887,850	59,157,343	60,045,193
Distributed dividends	0	-23,578,620	-23,578,620
Exchange adjustments, foreign subsidiaries	0	-94,033	-94,033
Retained earnings	0	32,135,600	32,135,600
Equity at the end of the year	887,850	67,620,290	68,508,140

Registered capital, etc.

The share capital consists of 887,850 shares of a nominal value of DKK 1. No shares carry any special rights.

Changes in the share capital in the past five financial years:

	DKK
Share capital at 1 July 2008	672,000
Raising of additional capital at 1 July 2012	100,000
Raising of additional capital at 11 June 2016	52,786
Raising of additional capital at 14 March 2017	63,064
Share capital at the end of the year	887,850

Notes

1. Staff expenses

	2017/18 DKK	2016/17 DKK
Wages and salaries	-136,384,925	-137,441,457
Other social security expenses	-804,290	-985,903
Other staff expenses	-829,423	-1,691,978
	-138,018,638	-140,089,317

Remuneration to the executive board and the board of directors amounts to DKK 3,841,000 (DKK 5,136,000 in 2016/17). Average number of full-time employees: 130 (129 in 2016/17).

2. Other financial income

	2017/18 DKK	2016/17 DKK
Interest received from group enterprises	0	53,467
Other financial income	978,306	1,210,726
	978,306	1,264,193

3. Other financial expenses

	2017/18 DKK	2016/17 DKK
Interest expenses from group enterprises	0	-8,340
Other financial expenses	-2,821,718	-2,014,679
	-2,821,718	-2,023,019

4. Tax on profit/loss for the year

	2017/18 DKK	2016/17 DKK
Current tax	-7,900,905	-6,604,581
Changes in current tax previous year	1,310,645	-1,277,469
Changes in deferred tax previous years	-1,310,645	1,277,469
Changes in deferred tax	-1,084,762	-145,864
	-8,985,667	-6,750,445

5. Proposed distribution of profit

	2017/18 DKK	2016/17 DKK
Retained earnings	32,135,600	23,578,620
Total	32,135,600	23,578,620

Notes

6. Total intangible assets

	Acquired licenses (software) DKK	Development projects in progress DKK
Cost at the beginning of the year	898,324	437,553
Additions	5,206,409	0
Disposals	0	-437,553
Cost at the end of the year	6,104,733	0
Amortisation, depreciation and impairment losses at the beginning of the year	-269,781	0
Amortisation, depreciation and impairment losses during the year	-1,295,248	0
Amortisation, depreciation and impairment losses at the end of the year	-1,565,029	0
Carrying amount at the end of the year	4,539,704	0

In relation to development projects in progress, only external costs are capitalized, while internal costs are expensed

7. Total property, plant and equipment

	Fixtures and fittings DKK	Leasehold improvements DKK
Cost at the beginning of the year	21,600	1,897,923
Additions	0	1,280,263
Disposals	-21,600	-1,897,923
Cost at the end of the year	0	1,280,263
Depreciation and losses at the beginning of the year	-8,635	-1,880,098
Depreciation and losses during the year	-12,965	-17,825
Disposals	21,600	1,897,923
Depreciation and losses at the end of the year	0	0
Carrying amount at the end of the year	0	1,280,263

Notes

8. Total fixed asset investments

	Investments in subsidiaries DKK
Cost at the beginning of the year	3,077,493
Additions	307,240
Disposals	-9
Cost at the end of the year	3,384,724
Net revaluation at the beginning of the year	-1,182,180
Exchange adjustments	-94,033
Share of the profit for the year cf. note	542,108
Value adjustments at the end of the year	-734,105
Total	2,650,619
Negative net asset values are set off against receivables from group enterprises.	237,292
Carrying amount at the end of the year	2,887,911

Investments in subsidiaries comprise:

Name, company form and registered address	Ownership share	Equity	Results for the year
Valcon AB, Sweden	100%	2,887,911	1,739,870
Valcon Consulting INC, USA	100%	-237,292	-1,196,182

9. Contract work in progress

	2017/18 DKK	2016/17 DKK
Selling price for work carried out	4,830,483	7,358,162
Payments received on account	-6,999,740	-4,306,649
	-2,169,257	-3,051,513
Recognised in the balance sheet as follows:		
Contract work in progress	4,830,483	7,358,162
Prepayments received from customers for contract work in progress	-6,999,740	-4,306,649

Notes

10. Deferred tax

	2017/18	2016/17
	DKK	DKK
Deferred tax at the beginning of the year	1,288,926	194,777
Deferred tax provision at the beginning of the year	0	-37,456
Changes in deferred tax previous years	-1,310,645	1,277,469
Changes in deferred tax	-1,084,762	-138,279
Deferred tax at the end of the year (- = liability)	-1.106.483	1,288,926

	2017/18	2016/17
	DKK	DKK
Leasehold improvements	0	142,219
Software	-822.735	-138,279
Prepayments	-289.434	-204,742
Periodization	0	1,485,000
Fixtures and fittings	5.686	4,729
Deferred tax assets	-1.106.483	1,288,926

Management is of the opinion that carry-forward deficits within a period of 3-5 years can be used to offset future positive taxable income.

11. Prepayments

	2017/18	2016/17
	DKK	DKK
Courses and conferences	0	408,021
Broadband	0	26,707
Licence fees	339.876	202,046
Other fees	975.735	293,872
	1,315,611	930,646

Notes

12. Contractual obligations

The Company has entered into an operating lease agreement for the new domicile in central Copenhagen Meldahlsgrde 1-5, 1620 Copenhagen V. The lease agreement in the new domicile can be terminated at the earliest with effect from 1 July 2023.

	2017/18 DKK	2016/17 DKK
Expires due within one year	6,407,902	3,122,296
Expires due late than one but within 5 years	27,050,824	25,201,331
Expires due later than 5 years	0	6,628,986
	33,458,726	34,952,613

The Company is jointly taxed with other enterprises in the Valcon Business Development A/S group. As a jointly taxed company, not wholly-owned, the Company has limited and secondary liability for Danish corporation taxes in the joint taxation group. The total amount of corporation tax payable is disclosed to SKAT in the Annual Report of Valcon Business Development A/S, CVR no. 28 68 10 11, which is the Management Company of the joint taxation purposes. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Apart from usual trading, the Company had no contractual obligations as at 30 June 2018.

13. Provisions, contingent liabilities and contingent assets

The Company has issued guarantees to some individual clients of the Swedish associate Valcon AB. The guarantee includes a financial guarantee for settlement of any dispute with a client and also a guarantee of making consultant capacity available for concluding the consulting assignment.

The Company has no other contractual obligations or contingent liabilities as at 30 June 2018.

Notes

14. Related parties and ownership

Information relating to group

The Company's Financial Statements are included in the Consolidated Financial Statements of the parent company Valcon Business Development A/S, Meldahlsgade 5, 1613 Copenhagen, CVR no. 28 68 10 11.

The Consolidated Financial Statements of Valcon Business Development A/S may be obtained by contacting the company

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:

Valcon SJN Holding ApS
 Valcon KT Holding ApS
 Valcon TRN Holding ApS
 Valcon Holding 1 ApS
 Valcon Holding 2 ApS

15. Events after the balance sheet date

No events materially influencing the Company's financial position as at 30 June 2018 have occurred.

16. Accounting Policies

The Annual Report has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium sized class C enterprises.

The accounting policies applied remain unchanged from last year. The accounting principles are consistent with those of last year. In accordance with section 112 (1) of the Danish Financial Statements Act, consolidated financial statements have not been prepared.

The Financial Statements are presented in Danish kroner.

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.

Notes

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.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Cash Flow Statement

In accordance with section 86 (4) of the Danish Financial Statements Act, a cash flow statement has not been prepared. The Company's Cash Flow Statement is included in the Cash Flow Statement in the Consolidated Financial Statements of Valcon Business Development A/S.

Intra-group business combinations

In connection with business combinations such as acquisition and disposal of equity interests, mergers, demergers, addition of assets and exchange of shares, etc. involving enterprises controlled by the Parent Company, the uniting-of-interests method is used. Differences between the agreed consideration and the carrying amount of the acquired enterprise are recognised in equity.

Translation policies

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 or expenses in the Income Statement.

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 or expenses in the Income Statement.

Income Statement

Net revenue

Revenues from services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company.

Net revenue comprises re-invoicing of work carried out by subsuppliers and other expenses.

Notes

Other external expenses

External expenses comprise expenses related to sales, advertising, administration, premises, bad debts, operating leases, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as holiday pay and staff welfare expenses.

Income from investments in subsidiaries

The items "Income from investments in subsidiaries" in the Income Statement include the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses include interest income and expenses, realised and unrealised capital gains and losses on debt and transactions in foreign currencies as well as allowances and surcharges under the Danish Tax Prepayment Scheme, etc.

Tax on profit/loss for the year

Valcon A/S is subject to the Danish rules on compulsory joint taxation applicable for the Valcon Business Development A/S group's Danish subsidiaries. Subsidiaries are included in the joint taxation in the period when the Parent Company has controlling interest.

The Company's Parent Company, Valcon Business Development A/S, acts as administration company in relation to the joint taxation and thus settles all corporate tax payments with the tax authorities.

The current Danish corporation tax is allocated among the jointly taxed companies in proportion to their respective taxable income. Companies contributing a tax loss being set off against taxable income in another company receive a cash payment equal to the tax value of the loss from the company using the loss to reduce its own taxable income.

Tax for the year that comprises current joint taxation contributions and changes in deferred tax is recognised in the Income Statement.

Balance Sheet

Development projects in progress

Capitalisation of development costs occurs when the basic criteria, such as certainty of the capital value future income and reliable measuring, is fulfilled. Costs are measured at cost prices and are amortised over the expected lifetime. Costs will also be written down to the recoverable amount.

Acquired software

Acquired software are measured at the lower of cost less accumulated amortisation and recoverable amount. Acquired software are amortised over the remaining application period; however not exceeding 5 years.

Development costs incurred by the company's own resources are recognized in the income statement as costs in the acquisition year.

Notes

Property, plant and equipment

Leasehold improvements are measured at cost less accumulated depreciation and less any accumulated impairment losses.

The basis of depreciation is cost less any deducted residual value after the end of the useful life of the asset. Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Cost of a total asset is divided into separate components that are depreciated separately if the useful life of the individual components are different.

Depreciation takes place on a straight line basis and any residual value and based on an evaluation of the expected useful life:

Leasehold improvements: Lease period equalling approx. 3 years.

Other fixtures and fittings, tools and equipment: 3-5 years.

Profit or loss deriving from the sales of tangible assets is measured as the difference between the sales price less selling costs and the carrying amount at the time of the sale. Profits and losses are recognised in the Income Statement as other operating income or other operating expenses.

Investments in subsidiaries

Investments in subsidiaries are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the Parent Company's accounting policies with deduction or addition of unrealised intercompany profits and losses and with addition and deduction of any remaining value of positive or negative goodwill determined in accordance with the acquisition method.

Investments in subsidiaries with negative net asset values are measured at DKK 0, and any amounts owed by such enterprises are written down by the Parent Company's share of the negative net asset value, if the amount owed is deemed irrecoverable. If the negative net asset value exceeds the amounts owed, the remaining amount is recognised under provisions if the Parent Company has a legal or a constructive obligation to cover the liabilities of the enterprise.

Net revaluation of investments in subsidiaries is recognised under equity in the reserve for net revaluation under the equity method to the extent that the carrying amount exceeds cost.

Impairment of fixed assets

The carrying amounts of 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 such indications are found, the recoverable amount of the asset or the group of assets is calculated to determine any need for an impairment write-down. If so, the asset or the group of assets is written down to its lower recoverable amount.

Recoverable amount for the asset is determined as the highest value of net sales price and the net present value. Net present value is determined as the present value of expected net cash flows from the use of the asset or the group of assets.

Notes

Receivables

Receivables are recognised at the lower of amortised cost.

Provisions for estimated bad debts are made based on an individual impairment assessment of a receivable or group of receivables.

Contract work in progress

Contract work in progress is recognised according to the production method at the selling price of the work carried including expenses and less amounts invoiced on account.

Contract work in progress are recognised as financial income and expenses in the Balance Sheet.

Net assets comprise the sum of contract work in progress in which the selling price exceeds invoicing on account of work carried out.

Net payables comprise the sum of contract work in progress in which invoicing on account exceeds the selling price of work carried out.

Prepayments

Prepayments comprise prepaid expenses concerning the following financial year.

Equity – dividends

Proposed dividends for the year are recognised as a liability when approved by the Annual General Meeting (declaration date).

Corporation tax and deferred tax

Receivables and payable joint taxation contributions are recognised in the Balance Sheet in receivables/payables from group enterprises.

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the accounting and tax bases of assets and liabilities. However, deferred income tax of temporary differences related to non-deductible goodwill, office premises or other items where temporary differences occur at the time of acquisition without influencing results or taxable income is not recognised. In case the value for tax purposes can be determined following alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets including the tax base of tax losses to be carried forward are recognised at the expected value of their utilisation, either by elimination in tax on future earnings or by set-offs against deferred tax liabilities within the same legal tax entity and jurisdiction.

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.

Debt

Financial debts are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, financial debts are measured at amortised cost.

Other debts are measured at net realisable value.

Notes

Prepayments

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

Key figures and financial highlights

Ratios stated in financial highlights have been prepared as follows:

Profit margin:	$\text{Operating profit/loss} \times 100 / \text{net revenue}$
Invested capital:	Total assets less cash and cash equivalents and other interest-bearing assets (including shares)
Gross margin:	$\text{Gross profit} \times 100 / \text{net revenue}$
Solvency ratio:	$\text{Equity at the end of the year} \times 100 / \text{total liabilities and equity at the end of the year}$
Return on equity:	$\text{Net profit for the year} \times 100 / \text{average equity}$
Return on invested capital:	$\text{Operating profit/loss} \times 100 / \text{average invested capital}$