

MOMENT A/S

Vester Farimagsgade 15, 5.
1606 Copenhagen V
Business Registration No
25328949

Annual report 2018

The Annual General Meeting adopted the annual report on 15.04.2019

Chairman of the General Meeting

Name: Bo Foged

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Entity details

Entity

MOMENT A/S

Vester Farimagsgade 15, 5.

1606 Copenhagen V

Central Business Registration No (CVR): 25328949

Registered in: Copenhagen

Financial year: 01.01.2018 - 31.12.2018

Board of Directors

Bo Foged, chairman

Thomas Gleerup

James Patrick Howaldt

Line Rix

Morten Thune Højberg

Executive Board

Morten Thune Højberg

Thomas Gleerup

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

P O Box 1600

0900 Copenhagen C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of MOMENT A/S for the financial year 01.01.2018 - 31.12.2018.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations and cash flows for the financial year 01.01.2018 - 31.12.2018.

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

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

Copenhagen, 15.04.2019

Executive Board

Morten Thune Højberg

Thomas Gleerup

Board of Directors

Bo Foged
chairman

Thomas Gleerup

James Patrick Howaldt

Line Rix

Morten Thune Højberg

Independent auditor's report

To the shareholders of MOMENT A/S

Opinion

We have audited the financial statements of Moment A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including 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 Entity's financial position at 31-12-2018 and of the results of its operations and cash flows for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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.

Independent auditor's report

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

- Identify and assess the risks of material misstatement of the 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 the management commentary

Management is responsible for the management commentary.

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

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

Independent auditor's report

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

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

Copenhagen, 15.04.2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Morten Speitzer
State Authorised Public Accountant
Identification No (MNE) mne10057

Hans Tauby
State Authorised Public Accountant
Identification No (MNE) mne44339

Management commentary

	2018	2017	2016	2015	2014
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial highlights					
Key figures					
Revenue	292.977	278.131	279.681	236.335	208.034
Gross profit/loss	49.741	43.219	49.580	45.343	44.554
Operating profit/loss	9.426	2.999	7.336	6.689	9.516
Net financials	435	(38)	3	(426)	79
Profit/loss for the year	8.461	2.277	5.709	4.751	7.145
Total assets	58.087	48.262	54.631	50.874	52.523
Investments in property, plant and equipment	157	223	92	668	443
Equity	17.138	11.641	16.275	17.486	22.615
Ratios					
Gross margin (%)	17,0	15,5	17,7	19,2	21,4
Net margin (%)	2,9	0,8	2,0	2,0	3,4
Return on equity (%)	58,8	16,3	33,8	23,7	33,2
Equity ratio (%)	29,5	24,1	29,8	34,4	43,1

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

Ratios	Calculation formula	Calculation formula reflects
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

Moment A/S is engaged in the following areas:

- Temp job services specialized in students and young people
- Temp job services focusing on full-time temp jobs
- Consultancy, interim and recruiting services with focus on specialists

The Company has existed since 1997 and has nationwide reach from the head office in Copenhagen.

Development in activities and finances

2018 was the first full year operating in the four industry units operation & sales, logistics & production, finance and digital solutions. We consider the split that we made previous year into four industry units a success and we continue to focus working individually optimizing the units.

Year-end trade receivables are relatively higher than previous year-end and during the year 2018 due to seasonality in sales.

Financial performance for the year

The profit for the year of DKK 8.4 million is considered very satisfactory. It is the Company's best result to date and the outcome of strategic re-focusing in 2017. DKK 2.0 million will be distributed to the Company's shareholders.

Outlook

In 2019, the Company has won several tenders, hence expects to generate a profit in 2019 minimum in line with the results for 2018.

Intellectual capital resources

The Company is a member of UN Global Compact, hence submit an annual report to the organization. An important goal for the company is to have a high employee satisfaction score. Annual measurements are made that are supported by absence statistics and the statutory workplace assessment.

Environmental performance

The Company's environmental impact is primarily sought to be minimized in connection with electricity consumption, the purchase of office furniture and PCs and the recycling of waste paper.

Events after the balance sheet date

No further events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Income statement for 2018

	<u>Notes</u>	<u>2018 DKK'000</u>	<u>2017 DKK'000</u>
Revenue		292.977	278.131
Cost of sales		(230.880)	(220.722)
Other external expenses		<u>(12.356)</u>	<u>(14.190)</u>
Gross profit/loss		49.741	43.219
Staff costs	1	(39.294)	(39.389)
Depreciation, amortisation and impairment losses	2	<u>(1.021)</u>	<u>(831)</u>
Operating profit/loss		9.426	2.999
Income from investments in group enterprises		0	3
Other financial income	3	627	82
Other financial expenses	4	<u>(192)</u>	<u>(123)</u>
Profit/loss before tax		9.861	2.961
Tax on profit/loss for the year	5	<u>(1.400)</u>	<u>(684)</u>
Profit/loss for the year	6	<u>8.461</u>	<u>2.277</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK'000</u>	<u>2017 DKK'000</u>
Completed development projects		1.913	1.330
Acquired intangible assets		370	240
Goodwill		360	353
Development projects in progress		201	0
Intangible assets	7	<u>2.844</u>	<u>1.923</u>
Other fixtures and fittings, tools and equipment		286	257
Leasehold improvements		268	407
Property, plant and equipment	8	<u>554</u>	<u>664</u>
Investments in group enterprises		0	70
Other investments		960	0
Other receivables		59	59
Fixed asset investments	9	<u>1.019</u>	<u>129</u>
Fixed assets		<u>4.417</u>	<u>2.716</u>
Trade receivables		47.584	39.579
Other receivables		194	347
Income tax receivable		0	376
Prepayments	10	937	601
Receivables		<u>48.715</u>	<u>40.903</u>
Cash		<u>4.955</u>	<u>4.643</u>
Current assets		<u>53.670</u>	<u>45.546</u>
Assets		<u>58.087</u>	<u>48.262</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018</u> <u>DKK'000</u>	<u>2017</u> <u>DKK'000</u>
Contributed capital	11	764	764
Reserve for development expenditure		1.649	1.037
Retained earnings		12.725	9.840
Proposed dividend		2.000	0
Equity		<u>17.138</u>	<u>11.641</u>
Deferred tax		559	1.028
Other provisions	12	65	0
Provisions		<u>624</u>	<u>1.028</u>
Trade payables		2.009	1.222
Payables to group enterprises		0	68
Income tax payable		943	0
Other payables	13	37.040	34.297
Deferred income	14	333	6
Current liabilities other than provisions		<u>40.325</u>	<u>35.593</u>
Liabilities other than provisions		<u>40.325</u>	<u>35.593</u>
Equity and liabilities		<u>58.087</u>	<u>48.262</u>
Unrecognised rental and lease commitments	16		

Statement of changes in equity for 2018

	Contributed capital DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000
Equity beginning of year	764	1.037	9.840	0
Extraordinary dividend paid	0	0	(2.964)	0
Transfer to reserves	0	612	(612)	0
Profit/loss for the year	0	0	6.461	2.000
Equity end of year	764	1.649	12.725	2.000
				Total DKK'000
Equity beginning of year				11.641
Extraordinary dividend paid				(2.964)
Transfer to reserves				0
Profit/loss for the year				8.461
Equity end of year				17.138

Cash flow statement for 2018

	<u>Notes</u>	<u>2018 DKK'000</u>	<u>2017 DKK'000</u>
Operating profit/loss		9.426	2.999
Amortisation, depreciation and impairment losses		1.021	832
Other provisions		65	0
Working capital changes	15	<u>(4.310)</u>	<u>2.587</u>
Cash flow from ordinary operating activities		6.202	6.418
Financial income received		67	82
Financial income paid		(192)	(120)
Income taxes refunded/(paid)		<u>(550)</u>	<u>(1.117)</u>
Cash flows from operating activities		5.527	5.263
Acquisition etc of intangible assets		(1.675)	(997)
Acquisition etc of property, plant and equipment		(157)	(223)
Acquisition of fixed asset investments		<u>(350)</u>	<u>(51)</u>
Cash flows from investing activities		(2.182)	(1.271)
Repayments of loans etc		(68)	0
Dividend paid		<u>(2.965)</u>	<u>(6.917)</u>
Cash flows from financing activities		(3.033)	(6.917)
Increase/decrease in cash and cash equivalents		312	(2.925)
Cash and cash equivalents beginning of year		<u>4.643</u>	<u>7.568</u>
Cash and cash equivalents end of year		4.955	4.643

Notes

	2018	2017
	DKK'000	DKK'000
1. Staff costs		
Wages and salaries	38.660	38.754
Other social security costs	634	635
	39.294	39.389
Average number of employees	654	650

	Remunera- tion of manage- ment 2018	Remunera- tion of manage- ment 2017
	DKK'000	DKK'000
Executive Board	4.461	3.276
Board of Directors	200	200
	4.661	3.476

Cost of sales comprises direct and indirect costs for salaries for temporary workers as described in Accounting policies. Total wages including temporary workers amount to DKK thousand 270,174 in 2018 and DKK 260,078 thousand in 2017.

	2018	2017
	DKK'000	DKK'000
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	754	490
Depreciation of property, plant and equipment	267	341
	1.021	831

	2018	2017
	DKK'000	DKK'000
3. Other financial income		
Other interest income	0	60
Fair value adjustments	610	0
Other financial income	17	22
	627	82

Notes

	2018	2017
	DKK'000	DKK'000
4. Other financial expenses		
Financial expenses from group enterprises	0	3
Other interest expenses	73	59
Other financial expenses	119	61
	192	123

	2018	2017
	DKK'000	DKK'000
5. Tax on profit/loss for the year		
Current tax	1.869	569
Change in deferred tax	(455)	114
Adjustment concerning previous years	(14)	1
	1.400	684

	2018	2017
	DKK'000	DKK'000
6. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	2.000	0
Transferred to other statutory reserves	612	474
Retained earnings	5.849	1.803
	8.461	2.277

Notes

	Completed develop- ment projects DKK'000	Acquired intangible assets DKK'000	Goodwill DKK'000	Develop- ment projects in progress DKK'000
7. Intangible assets				
Cost beginning of year	1.612	1.086	700	0
Transfers	1.085	0	0	(1.085)
Additions	0	225	164	1.286
Disposals	(142)	(645)	0	0
Cost end of year	2.555	666	864	201
Amortisation and impairment losses beginning of year	(282)	(846)	(347)	0
Amortisation for the year	(502)	(95)	(157)	0
Reversal regarding disposals	142	645	0	0
Amortisation and impairment losses end of year	(642)	(296)	(504)	0
Carrying amount end of year	1.913	370	360	201

Development projects

Development projects comprises direct and indirect costs attributable to the Entity's digital platform Momentos.

Notes

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve- ments DKK'000	
8. Property, plant and equipment			
Cost beginning of year	1.340	1.644	
Additions	128	29	
Disposals	(122)	0	
Cost end of year	1.346	1.673	
Depreciation and impairment losses beginning of year	(1.083)	(1.237)	
Depreciation for the year	(99)	(168)	
Reversal regarding disposals	122	0	
Depreciation and impairment losses end of year	(1.060)	(1.405)	
Carrying amount end of year	286	268	
	Invest- ments in group enterprises DKK'000	Other investments DKK'000	Other receivables DKK'000
9. Fixed asset investments			
Cost beginning of year	91	0	59
Additions	0	350	84
Disposals	(91)	0	(84)
Cost end of year	0	350	59
Revaluations for the year	0	610	0
Revaluations end of year	0	610	0
Impairment losses beginning of year	(21)	0	0
Reversal regarding disposals	21	0	0
Impairment losses end of year	0	0	0
Carrying amount end of year	0	960	59

Notes

10. Prepayments

Prepayments concern prepaid costs.

11. Contributed capital

The share capital consists of 7,642,765 shares at DKK 0.10. The shares have not been divided into classes. The Company holds 90,447 (1.1834%) treasury shares at a nominal value of DKK 9,045.

12. Other provisions

Other provisions consist of deposits.

13. Other payables

	2018	2017
	DKK'000	DKK'000
VAT and duties	7.300	5.576
Wages and salaries, personal income taxes, social security costs, etc payable	7.135	5.920
Holiday pay obligation	19.335	19.843
Other costs payable	3.270	2.958
	37.040	34.297

14. Deferred income

Deferred income concerns accrued revenue.

	2018	2017
	DKK'000	DKK'000
15. Change in working capital		
Increase/decrease in receivables	(8.188)	4.329
Increase/decrease in trade payables etc	3.878	(1.742)
	(4.310)	2.587

16. Unrecognised rental and lease commitments

	2018	2017
	DKK'000	DKK'000
Liabilities under rental or lease agreements until maturity in total	5.988	2.856

The Company's bank has provided a guarantee of DKK 1,535 thousand to the Company's rental commitment.

Accounting policies

Reporting class

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

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

Reclassifications of a few items of the balance sheet have been made which has not affected profit/loss.

Recognition and measurement

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

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

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

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

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

Foreign currency translation

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

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

Accounting policies

Exchange adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate of the time of acquisition or the time of any subsequent revaluation or write-down. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts.

Cost of sales

Cost of sales comprises direct and indirect costs incurred to earn revenue. Cost of sales comprises direct and indirect costs for salaries for temporary workers measured at cost.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc.

Expenses concerning internal development projects that do not fulfil the criteria for recognition in the balance sheet are also recognised in other external expenses.

Staff costs

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

Depreciation, amortisation and impairment losses

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

Income from investments in group enterprises

Income from investments in group enterprises comprises dividend etc received from the individual group enterprises in the financial year.

Accounting policies

Other financial income

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

Other financial expenses

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

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity. The portion of the tax taken to the income statement, which relates to extraordinary profit/loss for the year, is allocated to this entry, whereas the remaining portion is taken to the year's profit/loss from ordinary activities.

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

Balance sheet

Goodwill

Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The amortisation period is usually five years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources.

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

Intellectual property rights etc

Software and intellectual property rights are measured at cost less accumulated amortisation. Software is amortised straight-line over its estimated useful life which is five years.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

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

Accounting policies

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives of the assets. The amortisation period is five years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. Development projects are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

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

Other fixtures and fittings, tools and equipment	3-8 years
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Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Profits and losses from the sale of property, plant and equipment are calculated as the differences between selling price less selling costs and carrying amount at the time of sale. Profits or losses are recognised in the income statement as adjustment to depreciation and impairment losses, or under other operating income if the selling price exceeds original cost.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Receivables

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

Accounting policies

Other investments

Other investments comprise unlisted equity investments which are measured at fair value (market price) at the balance sheet date.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax is measured based on the tax regulations and tax rates of the relevant countries that will be in effect, using the laws at the balance sheet date, when the deferred tax is estimated to be triggered as current tax. Changes in deferred tax resulting from changed tax rates are recognised in the income statement.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Operating leases

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

Other financial liabilities

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

Accounting policies

Income tax receivable or payable

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

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

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

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

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

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

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

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Hans Tauby

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