ProAction A/S

Rosenørns Alle 1, DK-1970 Frederiksberg C

Annual Report for 1 January - 31 December 2016

CVR No 25 79 09 36

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 27/4 2017

Max Sejbæk
Chairman

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of ProActive A/S for the financial year 1 January - 31 December 2016.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2016 of the Company and of the results of the Company operations for 2016.

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, 27 April 2017

Executive Board

Max Sejbæk CEO	Gorm Priem	Mikkel Aude

Board of Directors

Preben Damgaard Chairman	Martin Norrbom Sams	Henning Kruse Petersen

Independent Auditor's Report

To the Shareholders of ProActive A/S

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

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

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review
Management is responsible for Management's Review.

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

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

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials 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 Statement Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

Management's Responsibilities for the Financial Statements
Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

Independent Auditor's Report

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

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

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

Copenhagen, 27 April 2017
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Niels Henrik B. Mikkelsen State Authorised Public Accountant	Christian Noe Oest State Authorised Public Accountant

Company Information

The Company	ProAction A/S Rosenørns Alle 1 DK-1970 Frederiksberg C Telephone: + 45 82 32 32 32 Facsimile: + 45 82 32 32 22 Website: www.proactive.dk CVR No: 25 79 09 36 Financial period: 1 January - 31 December Municipality of reg. office: Frederiksberg C
Board of Directors	Preben Damgaard, Chairman Martin Norrbom Sams Henning Kruse Petersen
Executive Board	Max Sejbæk Gorm Priem Mikkel Aude
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup
Lawyers	Kromann Reumert Sundkrogsgade 5 DK - 2100 København Ø

Financial Highlights

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

	2016	2015	2014	2013	2012
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	127,391	119,502	96,990	87,772	94,788
Gross profit/loss	99,679	89,535	84,030	73,385	64,119
Earnings before interest, taxes, depreciations and amortisations (EBITDA)	11,117	10,144	4,340	1,364	-5,204
Profit/loss before financial income and expenses	8,710	8,928	3,066	-1	-6,637
Net financials	-747	57	-820	-604	439
Net profit/loss for the year	6,576	6,759	2,001	139	-6,228
Balance sheet					
Balance sheet total	44,735	41,772	33,491	36,550	30,064
Equity	8,349	7,283	3,674	2,673	2,378
Investment in property, plant and equipment	972	1,374	773	1,214	646
Number of employees	140	126	111	108	103
Ratios					
Gross margin	78,2%	74,9%	86,6%	83,6%	67,6%
Profit margin	6,8%	7,5%	3,2%	0,0%	-7,0%
Return on assets	19,5%	21,4%	9,2%	0,0%	-22,1%
Solvency ratio	18,7%	17,4%	11,0%	7,3%	7,9%
Return on equity	84,1%	123,4%	63,1%	5,5%	-81,4%

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

Management’s Review

In the opinion of the Executive and Supervisory Board, all information material to the assessment of the company's financial position, the result for the year and the financial development is disclosed in the annual financial statements and in this report. After the balance sheet date no significant events have occurred which are considered to have a material effect on the assessment of the annual financial statements.

Main activity

ProActive A/S is a leading Danish supplier of IT Consulting Services, Service & Operations and Cloud based software solutions within in process optimization and knowledge management, BI, CRM and Cloud & Infrastructure based on standard software platforms in larger national and international companies and organizations.

The Company focuses on delivering Projects and Services that improve the clients' business, often in cooperation with a number of strategic partners.

In 2016, the Company has increased the time, investments and effort into building own products and services to be sold on license and subscription. The Company has great expectations to the future value of this business model, and realized a growth on own licenses and subscriptions at 300% compared to 2015. The Company has also in 2016, made considerable investments in expanding the Service & Support organization to support the future demand from operations of IT solutions placed in Microsofts Azure. The Company has already entered several large agreements with key customers, and in 2016 revenue from this area corresponded to approximately 20% of the total revenue.

Market overview

The development in the market for IT Consulting Services and Service & Support in 2017, is still competitive, but we have also seen many companies and organizations invest more in IT.

Sales Effort and Results

The focused sales effort of the Company supported by tried and tested competencies and experience led to a number of new customers in 2016. The sales effort and customer increase are viewed as satisfactory. This is also supported by the fact, that Microsoft chose ProActive as Partner of the Year within Cloud Infrastructure in 2016.

Economy

The Company realized a growth in turnover to TDKK 127,391 in 2016, from TDKK 119,502 in 2015, corresponding a growth at 7%.

The Company realized an EBITDA of TDKK 11,117 which is satisfactory. The result after tax was TDKK 6,576.

Management's Review

Expectations for 2017

The Management and Board of Directors also expect a positive development in both result and turnover in 2017, supported by a very strong development in the first quarter of the year.

Subsequent events

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

Income Statement 1 January - 31 December

	Note	2016	2015
		DKK	DKK
Revenue		**127,391,246**	**119,501,705**
Software development performed for own account, income		4,419,347	3,069,171
External project costs		-18,915,618	-19,330,888
Other external expenses		-13,215,671	-13,705,027
Gross profit/loss		**99,679,304**	**89,534,961**
Staff expenses	1	-88,562,534	-79,390,781
Profit/loss before financial income, financial expenses, depreciation, and amortization (EDITDA)		**11,116,770**	**10,144,180**
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-2,406,688	-1,216,164
Profit/loss before financial income and expenses (EBIT)		**8,710,082**	**8,928,016**
Results from investments in subsidaries	3	313,853	596,075
Income from investments in associates	4	-774,571	-112,825
Financial income		90	0
Financial expenses		-286,180	-425,974
Profit/loss before tax		**7,963,274**	**8,985,292**
Tax on profit/loss for the year	5	-1,387,530	-2,226,177
Net profit/loss for the year		**6,575,744**	**6,759,115**

Distribution of profit

Proposed distribution of profit

Extraordinary dividend paid	3,500,000	3,499,985
Proposed dividend for the year	0	2,000,000
Reserve for net revaluation under the equity method	-128,665	178,645
Retained earnings	3,204,409	1,080,485
	6,575,744	**6,759,115**

Balance Sheet 31 December

Assets

	Note	2016	2015
		DKK	DKK
Software development costs		6,598,795	3,555,838
Intangible assets	6	**6,598,795**	**3,555,838**
Computer equipment, fixtures and fittings		1,815,821	1,985,356
Leasehold improvements		378,658	267,175
Property, plant and equipment	7	**2,194,479**	**2,252,531**
Investments in subsidiaries	8	556,561	2,998,647
Investments in associates	9	7,500	774,571
Other receivables	10	1,648,359	1,857,307
Financial assets		**2,212,420**	**5,630,525**
Fixed assets		**11,005,694**	**11,438,894**
Trade receivables		27,364,271	27,670,557
Contract work in progress	11	3,478,380	1,153,797
Receivables from group enterprises		0	110,500
Receivables from associates		2,331,380	904,916
Other receivables		92,455	58,787
Prepayments		463,041	434,981
Receivables		**33,729,527**	**30,333,538**
Currents assets		**33,729,527**	**30,333,538**
Assets		**44,735,221**	**41,772,432**

Balance Sheet 31 December

Liabilities and equity

	Note	2016	2015
		DKK	DKK
Share capital		1,652,637	1,633,637
Reserve for net revaluation under the equity method		49,980	178,645
Reserve for development costs		3,447,091	0
Retained earnings		3,199,442	3,470,994
Proposed dividend for the year		0	2,000,000
Equity	12	**8,349,150**	**7,283,276**
Deferred tax asset		1,363,204	616,227
Provisions		**1,363,204**	**616,227**
Lease obligations		524,693	361,289
Payables to owners and Management		5,103,600	0
Long-term debt		**5,628,293**	**361,289**
Bank debt		4,906,839	2,713,444
Lease obligations		519,936	466,435
Prepayments received from customers	11	4,006,970	4,805,583
Trade payables		4,967,928	3,597,371
Payables to group enterprises		688,845	4,794,942
Payables to owners and Management		112,400	5,367,413
Corporation tax		1,075,954	941,128
Received deposits and prepaid rent		673,811	650,586
Other payables		12,441,891	10,174,738
		29,394,574	**33,511,640**
Debt		**35,022,867**	**33,872,929**
Liabilities and equity		**44,735,221**	**41,772,432**
Contingent assets, liabilities and other financial obligations	13		
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Notes to the Financial Statements

	Share capital	Share premium account	Reserve for net revaluation under the equity method	Reserve for development costs	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	1,633,637	0	178,645	0	3,470,994	2,000,000	7,283,276
Cash capital increase	19,000	171,000	0	0	0	0	190,000
Ordinary dividend paid	0	0	0	0	0	-2,000,000	-2,000,000
Extraordinary dividend paid	0	0	0	0	-3,500,000	0	-3,500,000
Purchase of treasury shares	0	0	0	0	-199,870	0	-199,870
Development costs for the year	0	0	0	3,447,091	-3,447,091	0	0
Net profit/loss for the year	0	0	-128,665	0	6,704,409	0	6,575,744
Transfer from share premium account	0	-171,000	0	0	171,000	0	0
Equity at 31 December	**1,652,637**	**0**	**49,980**	**3,447,091**	**3,199,442**	**0**	**8,349,150**

The Company has 31 January 2017 declared an extraordinary dividend of DKK 3,500,000.

Notes to the Financial Statements

		2016	2015
		DKK	DKK
1	**Staff expenses**		
	Wages and salaries	83,259,282	74,612,839
	Pensions	4,235,260	3,784,410
	Other social security expenses	1,067,992	993,532
		88,562,534	**79,390,781**
	Including remuneration to the Executive Board	**4,301,911**	**4,216,280**
	Average number of employees	**140**	**126**
2	**Depreciation, amortisation and impairment of intangible assets and property, plant and equipment**		
	Amortisation of intangible assets	1,376,390	393,333
	Depreciation of property, plant and equipment	1,030,298	822,831
		2,406,688	**1,216,164**
3	**Results from investments in subsidaries**		
	Share of profits of subsidiaries	322,504	596,075
	Share of losses of subsidiaries	-8,651	0
		313,853	**596,075**
4	**Income from investments in associates**		
	Share of losses of associates	-774,571	-504,700
	Other adjustment	0	391,875
		-774,571	**-112,825**

Notes to the Financial Statements

5 Tax on profit/loss for the year

	2016	2015
	DKK	DKK
Current tax for the year	1,075,954	941,128
Deferred tax for the year	746,977	1,285,049
Adjustment of tax concerning previous years	-435,401	0
	1,387,530	**2,226,177**

6 Intangible assets

	Software development costs
	DKK
Cost at 1 January	7,317,657
Additions for the year	4,419,347
Cost at 31 December	11,737,004
Impairment losses and amortisation at 1 January	3,761,819
Amortisation for the year	1,376,390
Impairment losses and amortisation at 31 December	5,138,209
Carrying amount at 31 December	**6,598,795**

The Company’s development projects relate to continued development, improvements and upgrading of the Company’s existing software platform. The development, improvements and upgrading are completed on an ongoing basis and are ready for use upon completion. The software platform forms the basis of a large part of the Company’s existing business, hence, there are markets and customers for the software. The improvements and upgrading is expected to have lives of three to five years which are considered to reflect the useful lives. The projects are progressing according to plan through the use of the resources allocated by Management to the development.

Notes to the Financial Statements

7 Property, plant and equipment

	Computer equipment, fixtures and fittings	Leasehold improvements
	DKK	DKK
Cost at 1 January	5,615,192	1,437,373
Additions for the year	762,701	209,545
Cost at 31 December	6,377,893	1,646,918
Impairment losses and depreciation at 1 January	3,629,836	1,170,198
Depreciation for the year	932,236	98,062
Impairment losses and depreciation at 31 December	4,562,072	1,268,260
Carrying amount at 31 December	**1,815,821**	**378,658**
Including assets under finance leases amounting to	1,035,527	0

Notes to the Financial Statements

	2016	2015
	DKK	DKK
8 Investments in subsidiaries		
Cost at 1 January	2,820,000	2,820,000
Additions for the year	506,581	0
Disposals for the year	-2,820,000	0
Cost at 31 December	506,581	2,820,000
Value adjustments at 1 January	178,645	-555,977
Disposals for the year	-106,630	0
Net profit/loss for the year	322,504	596,076
Dividend to the Parent Company	-344,539	0
Other equity movements, net	0	138,548
Value adjustments at 31 December	49,980	178,647
Carrying amount at 31 December	**556,561**	**2,998,647**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
ProActive Freelance ApS	Frederiksberg	111.000	80,82%	605,961	399,040
ProActive New Zealand	Aukland	0	100%	121,409	49,409

Notes to the Financial Statements

		2016	2015
		DKK	DKK
9	**Investments in associates**		
	Cost at 1 January	1,303,039	357,000
	Additions for the year	7,500	946,039
	Cost at 31 December	1,310,539	1,303,039
	Value adjustments at 1 January	-528,468	-415,643
	Net profit/loss for the year	0	-504,700
	Revaluations for the year, net	-774,571	0
	Other equity movements, net	0	391,875
	Value adjustments at 31 December	-1,303,039	-528,468
	Carrying amount at 31 December	**7,500**	**774,571**

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Skolebordet ApS	Faxe	266,799	30,84%	-793,568	-3,304,892
ServiCare ApS	Frederiksberg	50,000	15%	-	-

		Other receiv-ables
		DKK
10	**Other financial assets**	
	Cost at 1 January	1,857,307
	Additions for the year	50,337
	Disposals for the year	-259,285
	Cost at 31 December	1,648,359
	Carrying amount at 31 December	**1,648,359**

Notes to the Financial Statements

		2016	2015
		DKK	DKK
11	**Contract work in progress**		
	Selling price of work in progress	3,478,380	1,153,797
	Prepayments received from customers	-4,006,970	-4,805,583
		-528,590	**-3,651,786**
	Recognised in the balance sheet as follows:		
	Selling price of work in progress	3,478,380	1,153,797
	Prepayments received from customers	-4,006,970	-4,805,583
		-528,590	**-3,651,786**

12 Equity

The share capital consists of 1,803,637 shares of a nominal value of DKK 1. No shares carry any special rights.

On 26 April 2016 and 1 November, the Company acquired a total of 7,268 treasury shares, corresponding to 0.41%. The total payment for the shares amounted to kDKK 200, which has been transferred from retained earnings under equity. These shares have not been cancelled and are therefore held as treasury shares. The Company may choose to sell these shares at a later time. The shares have been acquired as part of the Company's strategy.

The Company holds a total of 16,631 shares with a nominal value of DKK 16,631 corresponding to 0.93% of the total capital.

The share capital has developed as follows:

	2016	2015	2014	2013	2012
	DKK	DKK	DKK	DKK	DKK
Share capital at 1 January	1,633,637	1,598,637	1,598,637	1,598,637	1,598,637
Capital increase	19,000	35,000	0	0	0
Capital decrease	0	0	0	0	0
Share capital at 31 December	**1,652,637**	**1,633,637**	**1,598,637**	**1,598,637**	**1,598,637**

Notes to the Financial Statements

13 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with bankers:

There has been made a guarantee from ProActive A/S to Skolebordet ApS. ProActive A/S is liable for DKK 590k.

Rental and lease obligations

ProActive A/S has entered leasing agreements where the commitments at the balance sheet date amount to DKK 2,885k (2015: DKK 3,155k) whereof DKK 2,691k (2015: DKK 2,641k) is due within one year.

Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the Group's jointly taxed income.

There are no security and contingent liabilitites at 31 December 2016, execpt for what is customary for the line of business.

14 Related parties

Transactions

The Company has entered administration agreements with group enterprises and other companies on the shared address of the companies covering office rental, canteen, reception, IT and finance services on a arms-length terms.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

Name	Place of registered office
ProActive Holding 2008 A/S	1970 Frederiksberg C

The Group Annual Report of ProActive Holding 2008 A/S may be obtained at the following address:

Rosenørns Allé 1
1970 Frederiksberg C

Notes, Accounting Policies

Basis of Preparation

The Annual Report of ProActive A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

Financial Statements for 2016 are presented in DKK.

Changes in accounting policies

ProActive A/S has incorparated chances to the Danish Statement Act, which comes into force 1 January 2016 according to law no. 738 of 1 June 2015.

Other changes to the Danish Statement act, which comes into force 1 January 2016, has not affected the Company's assets, liabilities, or financial position as of the 31 December 2016, but alone resulted in futher informations in the Annual Report.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of ProActive Holding 2008 A/S, the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of ProActive Holding 2008 A/S, the Company has not prepared a cash flow statement.

Recognition and measurement

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

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

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

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

Notes, Accounting Policies

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

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

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

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

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

Income Statement

Revenue

Revenue is recognised in the income statement when delivery and transfer of risk has been made before year end.

Revenue is recognised exclusive of VAT and net disounts relating to sales.

Contract work in progress is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the work in progress 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.

Other external expenses

Other external expenses comprise expenses for premises, sales and marketing as well as office expenses, etc.

Staff expenses

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

Amortisation, depreciation and impairment losses

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

External project costs

External project costs include costs incurred to achieve the net sales of the period.

Income from investments in subsidiaries and associates

The items “Income from investments in subsidiaries” and “Income from investments in associates” in the income statement include the proportionate share of the profit for the year.

Financial income and expenses

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

Tax on profit/loss for the year

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

The Company is jointly taxed with all affiliated companies. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Notes, Accounting Policies

Balance Sheet

Intangible assets

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

Development projects that are clearly defined and identifiable, in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales activities and administrative expenses involved as well as the development costs. Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or a lower recoverable amount.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work, but not exceeding 5 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

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

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

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

Fixtures, fittings and equipments	5-7	years
Computers	3	years
Leasehold improvements	5	years

Depreciation period and residual value are reassessed annually.

Notes, Accounting Policies

Impairment of fixed assets

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

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

Investments in subsidiaries and associates

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

The items“Investments in subsidiaries” and “Investments in associates” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

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

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

Other financial assets

Other financial assets consist of deposits.

Receivables

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

Notes, Accounting Policies

Contract work in progress

Contract work in progress regarding service is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

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

Equity

Dividend

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

Treasury shares

Purchase and sales prices for treasury shares are recognised directly in retained earnings under equity. A reduction of capital by cancellation of treasury shares reduces the share capital by an amount equal to the nominal value of the shares and increases retained earnings. Dividend on treasury shares is recognised directly in equity under retained earnings.

Notes, Accounting Policies

Deferred tax assets and liabilities

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

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

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

Current tax receivables and liabilities

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

Financial debts

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

Deferred income

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

Notes, Accounting Policies

Financial Highlights

Explanation of financial ratios

Gross margin	$\dfrac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\dfrac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\dfrac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\dfrac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\dfrac{\text{Net profit for the year x 100}}{\text{Average equity}}$