ProActive A/S

Rosenørns Alle 1, DK-1970 Frederiksberg C

Annual Report for 1 January - 31 December 2017

CVR No 25 79 09 36

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 17/4 2018

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 2017.

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 2017 of the Company and of the results of the Company operations for 2017.

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, 17 April 2018

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 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 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 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the 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 Statements 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 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 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.

Hellerup, 17 April 2018
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Niels Henrik B. Mikkelsen
State Authorised Public Accountant
mne16675

Company Information

The Company	ProActive A/S Rosenørns Alle 1 DK-1970 Frederiksberg C Telephone: + 45 82 32 32 32 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:

	2017 TDKK	2016 TDKK	2015 TDKK	2014 TDKK	2013 TDKK
Key figures					
Profit/loss					
Revenue	169,582	127,391	119,502	96,990	87,772
Gross profit/loss	124,586	99,679	89,535	84,030	73,385
Profit/loss before financial income, financial expenses, depreciation and amortization (EDITDA)	14,831	11,117	10,144	4,340	1,364
Profit/loss before financial income and expenses	11,177	8,710	8,928	3,066	-1
Net financials	-637	-747	57	-820	-604
Net profit/loss for the year	7,962	6,576	6,759	2,001	139
Balance sheet					
Balance sheet total	54,412	44,735	41,772	33,491	36,550
Equity	9,993	8,349	7,283	3,674	2,673
Investment in property, plant and equipment	352	972	1,374	773	1,214
Number of employees	166	140	126	111	108
Ratios					
Gross margin	73,5%	78,2%	74,9%	86,6%	83,6%
Profit margin	6,6%	6,8%	7,5%	3,2%	0,0%
Return on assets	20,5%	19,5%	21,4%	9,2%	0,0%
Solvency ratio	18,4%	18,7%	17,4%	11,0%	7,3%
Return on equity	86,8%	84,1%	123,4%	63,1%	5,5%

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.

Key activities

ProActive A/S is a leading Danish supplier of IT services in process optimization and knowledge management, BI, CRM, and Cloud & Infrastructure based on standard software platforms from Microsoft, targeted larger national and international companies and organizations.

Market overview

The development in the market for IT Consulting Services and Service & Support in 2017, is still competitive.

However, 2017 has been a year with strong growth. By the end of the year, the company grew to employ more than 200 people. The Company has a market leading position and is well positioned for continued growth, and the board of directors have a very positive view of the future.

Development in the year

The Company has invested a considerable effort in building an Operations business to run on top of the Microsoft Azure platform. The Company has already successfully onboarded several customers, and this is an area that is expected to grow considerably, to support the Customers transition to the Cloud.

In 2017, the Company has also invested considerable time and effort in 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 the total number of users has more than doubled within the last year.

In 2017 the close collaboration with Microsoft was strengthen even further, and the new Strategy that was set in the beginning of the year has proven to be successful. The Company has aligned its go-to-market with Microsoft, and the position as Microsoft Denmark's most valuable partner has been strengthen further.

At Microsoft's yearly grand price award show in the end of 2017, ProActive was nominated for 6 prices and won 3; 'Cloud Infrastructure Partner of the Year', 'Digital Transformation Partner of the Year' og last but not least the main price 'Partner of the Year'. It is the fourth time ProActive is awarding with the Partner of the year award. No other partner has ever won the award more than once.

ProActive are measuring both Customer and Employee satisfaction on an ongoing basis. In 2017 we recognized top satisfaction and received top ratings on the most important parameters. The Company works systematically and structured to be a top place to work in the industry, and our mission 'Thinking Your Business' is at the core of all the work we do for our Clients.

Management's Review

Throughout the year, the Company entered into collaboration with a very large number of new Clients, and the existing clients trusted the Company with new projects. A very important landmark, was the win of the SKI 02.17 agreement in December. This agreement is considered to be the most important within the public Denmark, and the Company is expecting considerable activity on this agreement, supported by the development seen in the first period of 2018.

2017 was also the Year where the Company enjoyed its 20 Years anniversary. This was celebrated with a large reception for Clients, Partners and friends, followed by a party for all the employees.

Economy

The Company realized a growth in turnover to TDKK 169.582 in 2017, from TDKK 127.391 in 2016, corresponding to a growth of 33%.

The Company realized an EBITDA of TDKK 14.831 which is satisfactory. The result after tax was TDKK 7.962.

Expectations for 2018

The Management and Board of Directors also expect a positive development in both result and turnover in 2018.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

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	2017	2016
		DKK	DKK
Revenue		**169,581,889**	**127,391,246**
Software development performed for own account, income		4,062,825	4,419,347
External project costs		-31,432,042	-18,915,618
Other external expenses		-17,626,563	-13,215,671
Gross profit/loss		**124,586,109**	**99,679,304**
Staff expenses	1	-109,755,468	-88,562,534
Profit/loss before financial income, financial expenses, depreciation, and amortization (EDITDA)		**14,830,641**	**11,116,770**
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-3,535,175	-2,406,688
Other operating expenses		-118,156	0
Profit/loss before financial income and expenses (EBIT)		**11,177,310**	**8,710,082**
Results from investments in subsidaries	3	-72,016	313,853
Income from investments in associates	4	0	-774,571
Financial income		339	90
Financial expenses		-565,221	-286,180
Profit/loss before tax		**10,540,412**	**7,963,274**
Tax on profit/loss for the year	5	-2,578,589	-1,387,530
Net profit/loss for the year		**7,961,823**	**6,575,744**

Balance Sheet 31 December

Assets

	Note	2017	2016
		DKK	DKK
Software development costs		8,032,114	6,598,795
Intangible assets	6	**8,032,114**	**6,598,795**
Computer equipment, fixtures and fittings		968,851	1,815,821
Leasehold improvements		392,409	378,658
Property, plant and equipment	7	**1,361,260**	**2,194,479**
Investments in subsidiaries	8	0	556,561
Investments in associates	9	7,500	7,500
Other receivables	10	1,727,685	1,648,359
Financial assets		**1,735,185**	**2,212,420**
Fixed assets		**11,128,559**	**11,005,694**
Trade receivables		38,702,355	27,364,271
Contract work in progress	11	3,759,400	3,478,380
Receivables from associates		0	2,331,380
Other receivables		189,906	92,455
Prepayments	12	632,151	463,041
Receivables		**43,283,812**	**33,729,527**
Currents assets		**43,283,812**	**33,729,527**
Assets		**54,412,371**	**44,735,221**

Balance Sheet 31 December

Liabilities and equity

	Note	2017	2016
		DKK	DKK
Share capital		1,652,637	1,652,637
Reserve for net revaluation under the equity method		0	49,980
Reserve for development costs		5,467,065	3,447,091
Retained earnings		2,873,494	3,199,442
Equity	13	**9,993,196**	**8,349,150**
Deferred tax	15	1,678,423	1,363,204
Provisions		**1,678,423**	**1,363,204**
Lease obligations		118,118	524,693
Payables to owners and Management		5,510,247	6,188,541
Long-term debt	16	**5,628,365**	**6,713,234**
Bank debt		4,871,928	4,906,839
Lease obligations	16	406,575	519,936
Prepayments received from customers		5,388,753	4,006,970
Trade payables		8,321,693	3,882,987
Payables to group enterprises		177,651	688,845
Payables to owners and Management	16	0	112,400
Corporation tax		1,857,070	1,075,954
Received deposits and prepaid rent		784,253	673,811
Other payables		15,304,464	12,441,891
		37,112,387	**28,309,633**
Debt		**42,740,752**	**35,022,867**
Liabilities and equity		**54,412,371**	**44,735,221**
Distribution of profit	14		
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Statement of Changes in Equity

	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	1,652,637	49,980	3,447,091	3,199,442	8,349,150
Net effect from merger and acquisition under the pooling of interests method	0	22,035	0	-339,812	-317,777
Adjusted equity at 1 January	1,652,637	72,015	3,447,091	2,859,630	8,031,373
Extraordinary dividend paid	0	0	0	-6,000,000	-6,000,000
Development costs for the year	0	0	2,019,974	-2,019,974	0
Net profit/loss for the year	0	-72,015	0	8,033,838	7,961,823
Equity at 31 December	**1,652,637**	**0**	**5,467,065**	**2,873,494**	**9,993,196**

Notes to the Financial Statements

1 Staff expenses

	2017 DKK	2016 DKK
Wages and salaries	103,626,934	83,418,801
Pensions	5,167,703	4,235,260
Other social security expenses	960,831	908,473
	109,755,468	**88,562,534**
Including remuneration to the Executive Board of:		
Executive Board	4,691,558	4,301,911
	4,691,558	**4,301,911**
Average number of employees	**166**	**140**

2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

	2017 DKK	2016 DKK
Amortisation of intangible assets	2,629,506	1,376,390
Depreciation of property, plant and equipment	905,669	1,030,298
	3,535,175	**2,406,688**

3 Results from investments in subsidaries

	2017 DKK	2016 DKK
Share of profits of subsidiaries	0	322,504
Share of losses of subsidiaries	-72,016	-8,651
	-72,016	**313,853**

4 Income from investments in associates

	2017 DKK	2016 DKK
Share of losses of associates	0	-774,571
	0	**-774,571**

Notes to the Financial Statements

5 Tax on profit/loss for the year

	2017	2016
	DKK	DKK
Current tax for the year	2,078,020	1,075,954
Deferred tax for the year	315,219	746,977
Adjustment of tax concerning previous years	185,350	-435,401
	2,578,589	**1,387,530**

6 Intangible assets

	Software development costs
	DKK
Cost at 1 January	11,737,004
Additions for the year	4,062,825
Cost at 31 December	15,799,829
Impairment losses and amortisation at 1 January	5,138,209
Amortisation for the year	2,629,506
Impairment losses and amortisation at 31 December	7,767,715
Carrying amount at 31 December	**8,032,114**

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	6,377,893	1,646,918
Additions for the year	234,536	116,975
Disposals for the year	-475,000	0
Cost at 31 December	6,137,429	1,763,893
Impairment losses and depreciation at 1 January	4,562,072	1,268,260
Depreciation for the year	802,444	103,224
Impairment and depreciation of sold assets for the year	-195,938	0
Impairment losses and depreciation at 31 December	5,168,578	1,371,484
Carrying amount at 31 December	**968,851**	**392,409**
Including assets under finance leases amounting to	515,381	0

Notes to the Financial Statements

8 Investments in subsidiaries

	2017	2016
	DKK	DKK
Cost at 1 January	506,581	2,820,000
Net effect from merger and acquisition	-506,581	0
Additions for the year	0	506,581
Disposals for the year	0	-2,820,000
Cost at 31 December	0	506,581
Value adjustments at 1 January	49,980	178,645
Net effect from merger and acquisition	22,035	0
Disposals for the year	-72,015	-106,630
Net profit/loss for the year	0	322,504
Dividend to the Parent Company	0	-344,539
Value adjustments at 31 December	0	49,980
Carrying amount at 31 December	**0**	**556,561**

Notes to the Financial Statements

	2017	2016
	DKK	DKK

9 Investments in associates

	2017 DKK	2016 DKK
Cost at 1 January	1,310,539	1,303,039
Additions for the year	0	7,500
Disposals for the year	-1,303,039	0
Cost at 31 December	7,500	1,310,539
Value adjustments at 1 January	-1,303,039	-528,468
Disposals for the year	1,303,039	0
Revaluations for the year, net	0	-774,571
Value adjustments at 31 December	0	-1,303,039
Carrying amount at 31 December	**7,500**	**7,500**

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
ServiCare ApS	Frederiksberg	50,000	15,00%	-	-

10 Other financial assets

	Other receiv-ables
	DKK
Cost at 1 January	1,648,359
Additions for the year	79,326
Cost at 31 December	1,727,685
Carrying amount at 31 December	**1,727,685**

Notes to the Financial Statements

11 Contract work in progress

	2017	2016
	DKK	DKK
Selling price of work in progress	3,759,400	3,478,380
Prepayments received from customers	-5,388,753	-4,006,970
	-1,629,353	**-528,590**
Recognised in the balance sheet as follows:		
Selling price of work in progress	3,759,400	3,478,380
Prepayments received from customers	-5,388,753	-4,006,970
	-1,629,353	**-528,590**

12 Prepayments

Prepayments consist of prepaid expenses concerning, insurance premiums, leasing and other administration costs.

13 Equity

The share capital consists of 1,652,637 shares of a nominal value of DKK 1. No shares carry any special rights.

The Company holds a total of 22,081 shares with a nominal value of DKK 22,081 corresponding to 1.3% of the total capital.

14 Distribution of profit

	2017	2016
Extraordinary dividend paid	6,000,000	3,500,000
Reserve for net revaluation under the equity method	-72,015	-128,665
Retained earnings	2,033,838	3,204,409
	7,961,823	**6,575,744**
Extraordinary dividend after year end	3,500,000	3,500,000

Notes to the Financial Statements

		2017	2016
		DKK	DKK

15 Deferred tax

	2017 DKK	2016 DKK
Provision for deferred tax at 1 January	1,363,204	616,227
Amounts recognised in the income statement for the year	315,219	746,977
Provision for deferred tax at 31 December	**1,678,423**	**1,363,204**

16 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2017 DKK	2016 DKK
Lease obligations		
Between 1 and 5 years	118,118	524,693
Long-term part	118,118	524,693
Within 1 year	406,575	519,936
	524,693	**1,044,629**
Payables to owners and Management		
Between 1 and 5 years	5,510,247	6,188,541
Long-term part	5,510,247	6,188,541
Other short-term debt to owners and Management	0	112,400
	5,510,247	**6,300,941**

17 Contingent assets, liabilities and other financial obligations

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 liabilities at 31 December 2017.

Notes to the Financial Statements

18 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 to the Financial Statements

19 Accounting Policies

The Annual Report of ProActive A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2017 are presented in DKK.

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 to the Financial Statements

19 Accounting Policies (continued)

Business combinations

Pooling of interests

Intragroup business combinations are accounted for under the pooling-of-interests method. Under this method, the two enterprises are combined at carrying amounts, and no differences are identified. Any consideration which exceeds the carrying amount of the acquired enterprise is recognised directly in equity. The pooling-of-interests method is applied at the date of acquisition, and comparative figures have not been restated.

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.

Notes to the Financial Statements

19 Accounting Policies (continued)

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.

Notes to the Financial Statements

19 Accounting Policies (continued)

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.

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.

Notes to the Financial Statements

19 Accounting Policies (continued)

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.

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.

Notes to the Financial Statements

19 Accounting Policies (continued)

Receivables

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

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 insurance premiums, leasing and other administration costs.

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 to the Financial Statements

19 Accounting Policies (continued)

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 to the Financial Statements

19 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

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