Prolog Development Center Holding A/S

H. J. Holst Vej 3-5 C, 2605 Brøndby

CVR no. 25 80 06 80

Annual report 2018/19

Approved at the Company's annual general meeting on 10 July 2019

Chairman:

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Building a better working world

Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Prolog Development Center Holding A/S for the financial year 1 May 2018 - 30 April 2019.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Company at 30 April 2019 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 May 2018 - 30 April 2019.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Brøndby, 10 July 2019
Executive Board:

Finn Grønskov

Board of Directors:

Leo Schou-Jensen
Chairman

Finn Grønskov

Bente Torp Grønskov

Vibeke Konggaard Schou-Jensen

Independent auditor's report

To the shareholders of Prolog Development Center Holding A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Prolog Development Center Holding A/S for the financial year 1 May 2018 - 30 April 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 30 April 2019, and of the results of the Group's and Parent Company's operations as well as the consolidated cash flows for the financial year 1 May 2018 - 30 April 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent Company financial statements" (herinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group 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 rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and the Parent 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 Group or the Parent 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 as to 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 the 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:

Independent auditor's report

- 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 Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent 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 Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

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

Independent auditor's report

Copenhagen, 10 July 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Robert Christensen	Allan Nørgaard
State Authorised Public Accountant	State Authorised Public Accountant
mne16653	mne35501

Management's review

Company details

Name	Prolog Development Center Holding A/S
Address, Postal code, City	H. J. Holst Vej 3-5 C, 2605 Brøndby
CVR no.	25 80 06 80
Registered office	Brøndby
Financial year	1 May 2018 - 30 April 2019
Board of Directors	Leo Schou-Jensen, Chairman Finn Grønskov Bente Torp Grønskov Vibeke Konggaard Schou-Jensen
Executive Board	Finn Grønskov
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Financial highlights for the Group

DKK'000	2018/19	2017/18	2016/17	2015/16	2014/15
Key figures					
Revenue	101,301	100,003	92,568	88,019	79,707
Profit/loss for the year	3,147	4,427	3,853	3,884	2,806
Total assets	64,812	58,515	56,435	57,302	56,173
Equity	34,955	33,943	31,657	29,874	26,981
Financial ratios					
Operating margin	4.0%	6.8%	5.4%	6.4 %	-4.2 %
Gross margin	78.1%	78.0%	78.4%	76.8%	74.5%
Return on assets	3.0%	7.1%	8.7%	9.9%	4.9%
Equity ratio	53.8%	57.8%	56.1%	52.1%	48.0%
Return on equity	9.3%	13.2%	12.7%	0.0%	0.0%
Average number of employees	109	110	106	91	84

For terms and definitions, please see the accounting policies.

Management's review

Business review

The Company's main activities are to develop and sell software and related activities.

The main activities within the key areas of the company includes:

AIRLINES

- Delivery of PDC's integrated flight suite for Airlines Ressource Management, including Operations Control, Commercial Schedules Planning and Crew management to several airlines in Europa, Middle East, Asia and South America.

AIRPORTS

- The PDC SCORE system for Airport Slot Coordination have been delivered to customers in Thailand, Greece and Kuwait.
- Development and supply of next generation ground handling contract management system.

RESOURCE MANAGEMENT SYSTEMS

- Implementation of PDC's work force management and production planning solution to the public sector in Denmark.
- Supply of mobile staff planning solutions and GDPR solutions to customers in many industries.

TECHNOLOGIES

- Development and supply of flexible dashboard solution - enhancing PDC's existing product lines with fully integrated dashboards for advanced dynamic reporting.
- Compiler development.
- Automated scheduling solution based on Mathematical Optimization and AI technologies.

Financial review

In 2018/19, the group's revenue amounted to DKK 101,301 thousand against DKK 100,003 thousand last year. The income statement for 2018/19 shows a profit of DKK 3,147 thousand against a profit of DKK 4,427 thousand last year, and the group's balance sheet at 30 April 2019 shows equity of DKK 34,955 thousand. The result is in line with management's expectations. Management considers the Company's financial performance in the year satisfactory.

Events after the balance sheet date

No events materially affecting the Group's and the Company's financial position have occurred subsequent to the financial year-end.

Outlook

The Company's revenue for 2019/20 is expected to increase due to the continued growth in the Company's core markets.

Consolidated financial statements and parent company financial statements 1 May 2018 - 30 April 2019

Income statement

Note	DKK'000	Group 2018/19	Group 2017/18	Parent company 2018/19	Parent company 2017/18
	Revenue	101,301	100,003	0	0
	Cost of sales	-8,562	-9,975	0	0
	Other operating income	2,212	2,887	0	0
	Other external expenses	-15,862	-14,893	-42	-36
	Gross profit	79,089	78,022	-42	-36
2	Staff costs	-73,869	-70,165	0	0
3	Depreciation of property, plant and equipment	-1,139	-878	0	0
	Other operating expenses	0	-189	0	0
	Profit/loss before net financials	4,081	6,790	-42	-36
	Income from investments in group entities	0	0	2,949	4,439
	Income from investments in associates	-3	-97	-3	-97
	Financial income	1,017	313	0	0
	Financial expenses	-731	-1,646	0	-5
	Profit before tax	4,364	5,360	2,904	4,301
4	Tax for the year	-1,217	-933	276	8
	Profit for the year	3,147	4,427	3,180	4,309
	Specification of the Group's results of operations:				
	Shareholders in Prolog Development Center Holding A/S	3,181	4,309		
	Non-controlling interests	-34	118		
		3,147	4,427		

Consolidated financial statements and parent company financial statements 1 May 2018 - 30 April 2019

Balance sheet

Note	DKK'000	Group 2018/19	Group 2017/18	Parent company 2018/19	Parent company 2017/18
	ASSETS				
	Fixed assets				
5	Property, plant and equipment				
	Plant and machinery	716	829	0	0
	Other fixtures and fittings, tools and equipment	1,382	1,329	0	0
		2,098	2,158	0	0
6	Investments				
	Investments in group entities, net asset value	0	0	35,257	34,157
	Investments in associates, net asset value	129	132	129	132
		129	132	35,386	34,289
	Total fixed assets	2,227	2,290	35,386	34,289
	Non-fixed assets				
8	Receivables				
	Trade receivables	34,262	32,594	0	0
7	Work in progress for third parties	7,781	4,188	0	0
	Receivables from group entities	0	0	654	842
9	Deferred tax assets	0	0	1	8
	Income taxes receivable	797	246	805	67
	Other receivables	1,030	808	0	0
	Prepayments	16	30	0	0
		43,886	37,866	1,460	917
	Cash	18,699	18,359	0	0
	Total non-fixed assets	62,585	56,225	1,460	917
	TOTAL ASSETS	64,812	58,515	36,846	35,206

Consolidated financial statements and parent company financial statements 1 May 2018 - 30 April 2019

Balance sheet

		Group		Parent company	
Note	DKK'000	2018/19	2017/18	2018/19	2017/18
	EQUITY AND LIABILITIES				
	Equity				
	Share capital	510	510	510	510
	Net revaluation reserve according to the equity method	0	0	28,081	26,984
	Retained earnings	32,352	31,306	4,270	4,322
	Dividend proposed for the year	2,000	2,000	2,000	2,000
	Shareholder in Prolog Development Center Holding A/S' share of equity	34,862	33,816	34,861	33,816
	Non-controlling interests	93	127	0	0
	Total equity	34,955	33,943	34,861	33,816
	Provisions				
9	Deferred tax	861	825	0	0
6	Provision, investments in group entities	0	0	90	0
11	Total provisions	861	825	90	0
	Liabilities other than provisions				
10	Non-current liabilities other than provisions				
	Lease liabilities	156	247	0	0
	Payables to group entities	0	0	1,859	1,357
	Income taxes payable	1,364	375	0	0
		1,520	622	1,859	1,357
	Current liabilities other than provisions				
10	Current portion of long-term liabilities	96	100	0	0
7	Prepayments on work in progress	0	286	0	0
7	Work in progress for third parties	7,142	569	0	0
	Trade payables	1,772	1,211	36	33
	Payables to associates	0	371	0	0
	Other payables	14,404	12,764	0	0
12	Deferred income	4,062	7,824	0	0
		27,476	23,125	36	33
	Total liabilities other than provisions	28,996	23,747	1,895	1,390
	TOTAL EQUITY AND LIABILITIES	64,812	58,515	36,846	35,206

1 Accounting policies

Consolidated financial statements and parent company financial statements 1 May 2018 - 30 April 2019

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14 Collateral
15 Related parties

Consolidated financial statements and parent company financial statements 1 May 2018 - 30 April 2019

Statement of changes in equity

		Group					
Note	DKK'000	Share capital	Retained earnings	Dividend proposed for the year	Total	Non-controlling interests	Total equity
	Equity at 1 May 2018	510	31,306	2,000	33,816	127	33,943
	Transfer through appropriation of profit	0	1,181	2,000	3,181	-34	3,147
	Exchange adjustment	0	-135	0	-135	0	-135
	Dividend distributed	0	0	-2,000	-2,000	0	-2,000
	Equity at 30 April 2019	510	32,352	2,000	34,862	93	34,955

		Parent company				
Note	DKK'000	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Dividend proposed for the year	Total
	Equity at 1 May 2018	510	26,984	4,322	2,000	33,816
16	Transfer, see "Appropriation of profit"	0	1,097	83	2,000	3,180
	Exchange adjustment	0	0	-135	0	-135
	Dividend distributed	0	0	0	-2,000	-2,000
	Equity at 30 April 2019	510	28,081	4,270	2,000	34,861

Consolidated financial statements and parent company financial statements 1 May 2018 - 30 April 2019

Cash flow statement

Note	DKK'000	Group 2018/19	Group 2017/18
	Profit for the year	3,147	4,427
17	Adjustments	1,938	3,241
	Cash generated from operations (operating activities)	5,085	7,668
18	Changes in working capital	-1,113	11,627
	Cash generated from operations (operating activities)	3,972	19,295
	Interest received, etc.	1,017	313
	Interest paid, etc.	-731	-1,646
	Income taxes paid	-740	-2,194
	Cash flows from operating activities	3,518	15,768
	Additions of property, plant and equipment	-1,083	-1,349
	Disposals of property, plant and equipment	0	130
	Cash flows to investing activities	-1,083	-1,219
	Dividends paid	-2,000	-2,000
	Proceeds of debt, finance leases	-95	-287
	Cash flows from financing activities	-2,095	-2,287
	Net cash flow	340	12,262
	Cash and cash equivalents at 1 May	18,359	6,097
	Cash and cash equivalents at 30 April	18,699	18,359

Consolidated financial statements and parent company financial statements 1 May 2018 - 30 April 2019

Notes to the financial statements

1 Accounting policies

The annual report of Prolog Development Center Holding A/S for 2018/19 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Consolidated financial statements

Non-controlling interests

On initial recognition, non-controlling interests are measured at the fair value of the non-controlling interests' equity interest.

Goodwill relating to the non-controlling interests' share of the acquiree is thus recognised.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Foreign group entities

Foreign subsidiaries and associates are considered separate entities. Items in such entities' income statements are translated at an average exchange rate for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Leases

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for in the same way as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

Consolidated financial statements and parent company financial statements 1 May 2018 - 30 April 2019

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Revenue

Income from the sale of goods and finished goods is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably and is expected to be received.

Income from the sale of services is recognised once the outcome of the transaction can be estimated reliably with reference to the stage of completion.

Licence income is recognised as revenue at the time of transfer of the risk to the buyer when, in reality, the agreement is comparable with a sale of software licences.

In assessing the reality of the individual agreement on the delivery of licences, the Company's obligations in connection with additional deliverances, term of contract, payment period, interminability of the contract, rights to the licence and other relevant factors are taken into consideration.

For sales with a long credit period, the debtor's ability to pay is included in the assessment as to whether the economic benefits connected with the sales transaction will flow to the Company and whether revenue can be measured reliably.

Sales with long interest-free credit are discounted and recognised at fair value. The related interest income is recognised over the term of the credit arrangement under net financials.

Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Profit from investments in subsidiaries and associates

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries and associates are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries. Only proportionate elimination of intra-group gains/losses is made for equity investments in associates.

The proportionate share of the individual subsidiaries' profit/loss after tax after full elimination of internal gains/losses are recognised in the parent company's income statement.

Consolidated financial statements and parent company financial statements 1 May 2018 - 30 April 2019

Notes to the financial statements

1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

The parent company is covered by the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Investments in subsidiaries and associates

On initial recognition, investments in subsidiaries and associates are measured at cost and subsequently at the proportionate share of the entities' net asset values calculated in accordance with the parent company's accounting policies minus or plus any residual value of positive or negative goodwill calculated in accordance with the purchase method of accounting. Subsidiaries and associates with a negative net asset value are measured at DKK 0 (nil), and any amounts owed by such entities are written down by the parent company's share of the net asset value if the amount owed is deemed irrecoverable. If the negative net asset value exceeds the amounts owed, the remaining amount is recognised under provisions if the parent company has a legal or a constructive obligation to cover the entity's deficit. Net revaluations of investments in subsidiaries and associates are transferred to the net revaluation reserve according to the equity method where the carrying amount exceeds the acquisition cost.

On initial recognition, equity investments in subsidiaries and associates are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

Consolidated financial statements and parent company financial statements 1 May 2018 - 30 April 2019

Notes to the financial statements

1 Accounting policies (continued)

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries and associates measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Work in progress for third parties

Service supplies and contract work in progress for third parties are measured at the market value of the work performed less progress billings. The market value is calculated based on the stage of completion at the balance sheet date and the total expected income from the relevant contract. The stage of completion is calculated based on the expenses incurred relative to the expected total expenses relating to the relevant contract.

Where the outcome of contract work in progress cannot be estimated reliably, the market value is measured at the expenses incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

Consolidated financial statements and parent company financial statements 1 May 2018 - 30 April 2019

Notes to the financial statements

1 Accounting policies (continued)

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Consolidated financial statements and parent company financial statements 1 May 2018 - 30 April 2019

Notes to the financial statements

1 Accounting policies (continued)

Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating margin $$\frac{\text{Operating profit (EBIT) x 100}}{\text{Revenue}}$$

Gross margin ratio $$\frac{\text{Gross margin x 100}}{\text{Revenue}}$$

Return on assets $$\frac{\text{Profit/loss from operating activites x 100}}{\text{Average assets}}$$

Equity ratio $$\frac{\text{Equity excl. non-controlling interests, year-end x 100}}{\text{Total equity and liabilities, year-end}}$$

Return on equity $$\frac{\text{Profit/loss excl. non-controlling interests x 100}}{\text{Average equity excl. non-controlling interests}}$$

Consolidated financial statements and parent company financial statements 1 May 2018 - 30 April 2019

Notes to the financial statements

	DKK'000	Group 2018/19	Group 2017/18	Parent company 2018/19	Parent company 2017/18
2	Staff costs				
	Wages/salaries	62,894	59,774	0	0
	Pensions	7,220	6,811	0	0
	Other social security costs	1,134	653	0	0
	Other staff costs	2,621	2,927	0	0
		73,869	70,165	0	0
	Average number of full-time employees	109	110	0	0

Group

Total remuneration to group Management : DKK 2,035 thousand (2017/18: DKK 1,834 thousand)

Parent company

The parent company did not pay any remuneration to Management during the financial year. Remuneration paid in the year of comparison is DKK 0.

		Group 2018/19	Group 2017/18	Parent company 2018/19	Parent company 2017/18
3	Depreciation of property, plant and equipment				
	Depreciation of property, plant and equipment	1,139	878	0	0
		1,139	878	0	0

	DKK'000	Group 2018/19	Group 2017/18	Parent company 2018/19	Parent company 2017/18
4	Tax for the year				
	Estimated tax charge for the year	1,343	1,234	-9	-8
	Deferred tax adjustments in the year	141	-301	0	0
	Tax adjustments, prior years	-267	0	-267	0
		1,217	933	-276	-8

Consolidated financial statements and parent company financial statements 1 May 2018 - 30 April 2019

Notes to the financial statements

5 Property, plant and equipment

DKK'000	Group		
	Plant and machinery	Other fixtures and fittings, tools and equipment	Total
Cost at 1 May 2018	1,200	3,162	4,362
Additions in the year	98	985	1,083
Disposals in the year	-40	0	-40
Cost at 30 April 2019	1,258	4,147	5,405
Impairment losses and depreciation at 1 May 2018	371	1,833	2,204
Amortisation/depreciation in the year	207	932	1,139
Reversal of amortisation/depreciation and impairment of disposals	-36	0	-36
Impairment losses and depreciation at 30 April 2019	542	2,765	3,307
Carrying amount at 30 April 2019	716	1,382	2,098
Property, plant and equipment include finance leases with a carrying amount totalling	0	343	343
Depreciated over	6 years	3 years	

6 Investments

Group

Name	Legal form	Domicile	Interest
Subsidiaries			
PDC-Argos	ApS	Danmark	80%
Dictus	ApS	Danmark	80%
PDC	A/S	Danmark	100%
PDC Aviation	Ltd.	Storbritanien	100%
PDC Solutions Canada	Ltd.	Canada	100%
Prolog Development Center Asia Pacific Pte.	Ltd.	Singapore	100%
PDC-Solutions Columbia	SAS	Columbia	100%

Consolidated financial statements and parent company financial statements 1 May 2018 - 30 April 2019

Notes to the financial statements

6 Investments (continued)

Name	Legal form	Domicile	Interest
Associates			
PDC R	ApS	Danmark	50%

	Parent company		
DKK'000	Investments in group entities, net asset value	Investments in associates, net asset value	Total
Cost at 1 May 2018	6,991	314	7,305
Cost at 30 April 2019	6,991	314	7,305
Value adjustments at 1 May 2018	27,166	-182	26,984
Exchange adjustment	-135	0	-135
Dividend distributed	-2,000	0	-2,000
Share of the profit/loss for the year	3,235	-3	3,232
Value adjustments at 30 April 2019	28,266	-185	28,081
Carrying amount at 30 April 2019	35,257	129	35,386

	Group		Parent company	
DKK'000	2018/19	2017/18	2018/19	2017/18
7 Work in progress for third parties				
Selling price of work performed	20,226	4,188	0	0
Progress billings	-19,587	-854	0	0
	639	3,334	0	0
recognised as follows:				
Work in progress for third parties(assets)	7,781	4,188	0	0
Work in progress for third parties(liabilities)	-7,142	-854	0	0
	639	3,334	0	0

8 Receivables

Group

Of receivables totalling DKK 34,262 thousand, DKK 10,290 thousand fall due for payment after more than one year after the balance sheet date.

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Notes to the financial statements

	DKK'000	Group		Parent company	
		2018/19	2017/18	2018/19	2017/18
9	Deferred tax				
	Deferred tax at 1 May	825	583	-8	-7
	Movement of the year	36	242	7	-1
	Deferred tax at 30 April	861	825	-1	-8

10 Non-current liabilities other than provisions

DKK'000	Group			
	Total debt at 30/4 2019	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Lease liabilities	252	96	156	0
Income taxes payable	1,364	0	1,364	0
	1,616	96	1,520	0

11 Provisions

Group

The provision for deferred tax primarily relates to timing differences in respect of property, plant and equipment.

Parent company

The provision for deferred tax primarily relates to timing differences in respect of property, plant and equipment.

12 Deferred income

Group

Deferred income comprises payments relating to the sale of licences and support & maintenance contracts, which will not be recognised as income until in the subsequent financial year once the recognition criteria are satisfied.

Consolidated financial statements and parent company financial statements 1 May 2018 - 30 April 2019

Notes to the financial statements

13 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

	Group		Parent company	
DKK'000	2018/19	2017/18	2018/19	2017/18
Rent and lease liabilities	823	865	0	0

Parent company

As management company, the Company is jointly taxed with other Danish group entities. The Company is jointly and severally with other jointly taxed group entities for payment of income taxes the income years 2012/13 and withholding taxes falling due for payment on or after 1 July 2012 in the group of jointly taxed entities.

14 Collateral

The group has not provided any security or other collateral in assets at 30 April 2019.

Parent company

The parent Company has not placed any assets or other as security for loans at 30 April 2019.

15 Related parties

Group

Related party transactions

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

All transactions have been carried out on an arm's length basis.

Information on the remuneration to management

Information on the remuneration to Management appears from note 2, "Staff costs".

Parent company

Transactions with related parties

Transactions with wholly owned subsidiaries are not disclosed, cf Article 98c, section 3 of the Danish Financial Statements Act.

Regarding other related parties, the Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

All transactions have been carried out on an arm's length basis.

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Notes to the financial statements

	DKK'000	Parent company 2018/19	Parent company 2017/18
16	Appropriation of profit		
	Recommended appropriation of profit		
	Proposed dividend recognised under equity	2,000	2,000
	Net revaluation reserve according to the equity method	1,097	0
	Retained earnings	83	2,309
		3,180	4,309
17	Adjustments		
	Amortisation/depreciation and impairment losses	1,139	878
	Income from investments in associates	3	97
	Financial income	-1,017	-313
	Financial expenses	731	1,646
	Tax for the year	1,217	933
	Foreign exhange adjustments	-135	0
		1,938	3,241
18	Changes in working capital		
	Change in receivables including work in progress	-5,469	9,362
	Change in trade and other payables	4,355	2,518
	Other changes in working capital	1	-253
		-1,113	11,627