

# Zacco A/S

Central Business Registration no. 26 00 05 56

Arne Jacobsens Allé 15, 2300 Copenhagen, Denmark

**Annual report for 2015**

The Annual Report has been presented and  
adopted at the Company's Annual General  
Meeting on 31 / 5 2016



Chairman of the Meeting

*MICHAEL BAARMANN*

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## Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Zacco A/S for the financial year 1 January – 31 December 2015.

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


It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2015 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2015.

In our opinion, the Management's review includes a fair review of the development in the Group's and the Parent Company's operations and financial matters, the results for the year and the Group's and the Parent Company's financial position.

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

Copenhagen, 17 May 2016

### Executive Board



Mats Boström




Håkan Tjämemo

### Board of Directors



Hans Blomberg  
Chairman



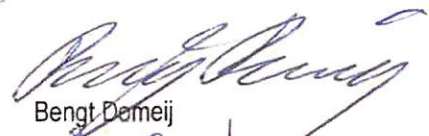
Peder Holm



Petra Hansson



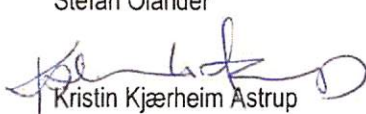
Stefan Ölander



Bengt Demeij



Casper Struve



Kristin Kjørheim Astrup



Åsa Gustafson

## **Independent Auditor's Report**

**To the shareholders of Zacco A/S**

### **Independent auditors' report on the consolidated financial statements and the parent company financial statements**

We have audited the consolidated financial statements and the parent company financial statements of Zacco A/S for the financial year 1 January – 31 December 2015. The consolidated financial statements and parent company financial statements comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes for the Group as well as for the Parent Company and a cash flow statement for the Group. The consolidated financial statements and parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

### **Management's responsibility for the consolidated financial statements and the parent company 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 that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' responsibility**

Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of consolidated financial statements and parent company financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of consolidated financial statements and parent company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

## Opinion

In our opinion, the consolidated financial statements and parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2015 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2015 in accordance with the Danish Financial Statements Act Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 17 May 2016

**KPMG**

Statsautoriseret Revisionspartnerselskab

Cvr. Nr. 25 57 81 98



Benny Lyng Sørensen

State Authorised

Public Accountant

## Company information

### The Company

Zacco A/S  
Arne Jacobsens Allé 15  
2300 Copenhagen S

Telephone: +45 39 48 80 00  
Fax: +45 39 48 80 80  
Website: [www.zacco.com](http://www.zacco.com)

Central Business  
Registration No: 26 00 05 56  
Financial year: 1 January – 31 December  
Registered in: Copenhagen

### Board of Directors

Hans Blomberg, Chairman  
Petra Hansson  
Bengt Domeij  
Stefan Ölander  
Peder Holm  
Casper Struve  
Kristin Kjærheim Astrup  
Åsa Gustafson

### Executive Board

Mats Boström  
Håkan Tjarnemo

### Lawyers

Rønne & Lundgren  
Tuborg Havnevej 19  
2900 Hellerup

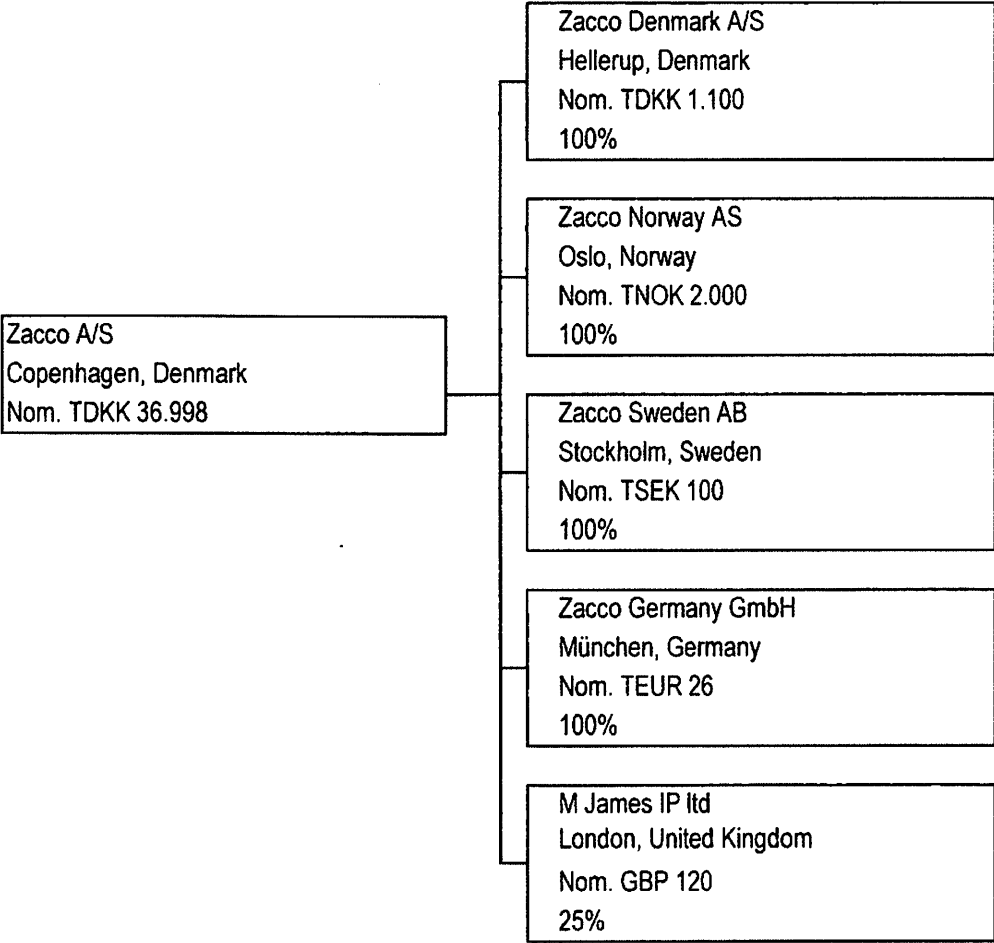
### Auditors

KPMG  
Statsautoriseret Revisionspartnerselskab  
Dampfærgevej 28  
2100 Copenhagen  
Central Business  
Registration No: 25 57 81 98

### Bank

Skandinaviska Enskilda Bank, SEB

**Group chart at 31 December 2015**



## Group financial highlights

The Group's development for the last 5 years can be described by the following key figures and ratios.

	2015	2014	2013	2012	2011
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
<b>Key figures</b>					
<b>Financial performance</b>					
Revenue	493.104	525.155	615.101	695.209	775.037
EBITDA *)	19.755	16.240	-30.299	-25.606	20.483
Profit before financial income and expenses	17.128	13.851	-39.127	-59.829	-23.623
Net financials	-2.400	-3.472	-6.098	1.237	469
Profit for the year	12.628	11.435	-41.469	-58.519	-17.272
<b>Balance sheet</b>					
Balance sheet total	161.571	167.832	207.950	264.257	298.798
Investments in property, plant and equipment	137	5.691	580	2.530	2.133
Equity	65.502	30.233	34.776	42.380	99.881
<b>Cash flows</b>					
Cash flows from:					
Operating activities incl. paid tax	-18.006	-576	-4.875	-35.161	-4.431
Investing activities	1.977	10.781	-2.549	-4.916	49.126
Financing activities	-2.053	-12.092	26.273	14.788	-23.426
Change for the year in cash and cash equivalents	-18.082	-1.888	18.849	-25.289	21.269
<b>Number of employees</b>	310	326	452	470	523
<b>Ratios in %</b>					
Gross margin	50,8%	49,5%	48,7%	45,2%	39,6%
Profit margin	3,5%	2,6%	-6,4%	-8,6%	-3,0%
Return on assets	10,6%	8,3%	-18,8%	-22,6%	-7,9%
Solvency ratio	40,5%	18,0%	16,7%	16,0%	33,4%
Return on equity	26,4%	35,2%	-107,5%	-82,3%	-18,7%

\*) EBITDA = Earnings before interest, taxes, depreciations and amortization.



## **Management's review**

### ***Market overview***

Zacco is an international IP company handling 220.000 active IP rights and providing consulting service within the IP field. Zacco is the market leader in Scandinavia but also provide services for many international companies. Zacco provides services from 24 offices in Sweden, Denmark, Norway and Germany but also subcontracts work to international IP firms through an extensive international network with 150 preferred agents in more than 120 countries.

### ***Financial development***

2015 revenues have decreased with 3% in constant currency rates. EBT was 14,6 MDKK compared to 10,4 MDKK last year. EBT in 2015 includes significant costs for the new ERP system both in software and in implementation cost.

### ***Business Development***

The most important business initiative in Zacco is upgrading the technology and processes for building a world class platform which will enable Zacco to handle high volumes and large scale IP portfolios in a cost efficient and high quality manner. It will also allow Zacco to meet the market as ONE company and to facilitate cross-staffing between all regions, teams and offices within Zacco. The upgrading involves major investments in new technology (systems, software etc.) and working processes. The upgrading project is ongoing and a significant number of activities and steps have now been taken, though much potential is still ahead of us. The investment program has a long-term upside, but will in the short-term impact cost levels and profits.

To support the building of a world class platform and strengthening the international business network and sales Christer Carmevik has been hired as Director of International Sales and Platform. Carmevik's deep knowledge in building internal business platforms will be highly beneficial to Zacco. Carmevik will be a part of the Zacco Management Team.

The implementation of the Pay for Performance program for all employees is ongoing and has been well received. After Q4, 80% of the employees have joined the PFP program. Implementation of the PFP program for the employees will incentivise profitable growth and cross selling initiatives in the group.

Zacco initiated the Zacco Stock Exchange beginning of June 2015, which is a unique internal trading platform through which employees or strategic partners have the opportunity – under certain conditions – to acquire or sell the Zacco share. The Zacco Stock Exchange offers the opportunity for all Zacco employees to become shareholders.

In May, Zacco implemented a new ERP system, which is the first major launch in the new platform. Zacco is still in the process of making minor adjustments, fine tuning, and fixing of details in the system, which will lead to increase in productivity. The ERP system also includes a CRM system and the implementation has started in 2015.

Zacco will continue to focus on attracting and attaining high-performing consultants to Zacco and offer them a highly competitive compensation package with fixed salary, "Pay for Performance" and ownership in Zacco. Several of the former Zacco employees have now started to return to the business, which is very positive. We are looking forward and are very glad to welcome even more former Zacco employees.

### ***2016 Objectives***

Focus going forward is on growing revenues from existing and new customers. We will also continue recruitment activities in all of the regions, fine tune the business model and broadening the scope with services around our customers IP and intangible assets. Zacco is projecting an increased profitability in 2016 in combination with a positive cash flow. Zacco will also continue to invest in a world class platform and the current most important project for 2016 is to implement QMS, a quality management system for the entire Zacco.

## ***Specific risks – operating risks and financial risks***

### ***Operating risks***

The Company's business area is the provision of consulting services within IP, for which reason the Company's most important resource is professional qualifications and competences among the employees. The Company's employees fully possess the necessary professional skills and competences for servicing the Company's clients.

Zacco has increased the investments in a new platform, but even though large investments are put into building a world class platform, the current setup with IT infrastructure, data systems and processes need improvement to ensure seamless and efficient operation.

### ***Market risks***

Zacco operates in a growing but highly changeable market. Being an international and market-oriented organization, Zacco is in a good position for utilizing these in a dynamic way. Globalization and the long term trend of legalization becoming more and more harmonized e.g. Unitary Patent, it putting pressure and is increasing competition as the need of local agencies will be reduced.

### ***Currency exposure***

Zacco has considerable trade with other countries. As the Group invoice to as well as incur costs and make investments abroad, the net currency exposure is limited, however, with the exception of the exchange ratio between DKK and SEK, NOK and USD, respectively.

### ***Interest rate risk***

The Company is not exposed to any material interest rate risk, and accordingly no dispositions are generally entered into for hedging interest risks.

### ***Credit risks***

The Group's policy of assessment of credit risks results in current credit assessment of large customers and trading partners. By the end of the year, no increase in the credit risk has been stated, and the provisions for bad debt performed are considered sufficient.

### ***Events after the balance sheet date***

No significant material event has happened after the end of Financial Year 2015.

### ***Intellectual capital resources***

Zacco's business is people based. Retaining and attracting the right people with the right skill, competences, knowledge, commitment and customer relations are the most important intellectual capital resources in the business. As an established business, for more than 100 years, Zacco has a comprehensive network of customer and business partners domestically as well as abroad.

### ***Corporate social responsibility***

Corporate social responsibilities form an integrated part of Zacco's group values and is embedded in the way Zacco carry out business in both local and international settings. Zacco' focus areas for corporate social responsibility are environment, Human rights and equal rights for genders.

### ***Environment***

Zacco believe that businesses are responsible for achieving good environmental practice and to operate in a sustainable matter.

We are therefore committed to reducing our environmental impact and continually improving our environmental performance as an integral and fundamental part of our business strategy and operating methods.

Our policy is to

- Wholly support and comply with or exceed the requirements of current environmental legislation and codes of practice.
- Minimize our waste and then reuse or recycle as much of it as possible
- Strive to minimize printing
- Use, as far as possible, electronic communication when we communicate with clients, agents and authorities
- Encourage client and agents to use electronic communication when communicating with Zacco
- Strive to recycle and possibly reuse electronic and other equipment
- Minimize energy and water usage in our buildings, vehicles and processes in order to conserve supplies, and minimize our consumption of natural resources, especially where they are non-renewable.
- Apply the principles of continuous improvement in respect of air, water, noise and light pollution from our premises and reduce any impacts from our operations on the environment and local community.
- As far as possible purchase products and services that do the least damage to the environment and encourage others to do the same.
- Assess the environmental impact of any new processes or products we intend to introduce in advance.

The Zacco Management Team is responsible for environmental management and performance and the integration of sustainable development within Zacco. All employees share this responsibility and are supported by key staff to help promote best practice, continual improvement and monitor performance.

During financial year 2015 Zacco minimized the use of printers and hardcopy printing by changing printing settings and policies for use of photocopier machines and reducing the number of machines available. Guidelines regarding the use of heating and air-condition has been communicated to all staff members to ensure a proper working environment and minimize the use of energy.

Carry forward Zacco will continue to focus on improving the environmental performance, and reduce the use of resources in the group.

### ***Human rights***

Zacco recognizes the international human rights such as the right to education and the freedom of speech and secures that no discrimination based on race, religion or political opinion takes place. Zacco supports and respects conventions for human rights. Equality and diversity are very important for Zacco.

As part of recognizing the international human rights, Zacco is committed to support the development and education of young underprivileged people through the educational / motivational program "Star for Life". The program aims to strengthen the self-esteem of young people in Africa. The work of Star for Life is in accordance with the UN Convention on the Rights of the Child and the Millennium Development Goals, to create fairer and more sustainable societies. "Star for Life" is administered and operated by Starforlife.org.

During 2015 the Star of Life has been active on a large number of schools. In 2016 the program operates in 101 schools in South Africa, 20 in Namibia, 9 in Sweden and 1 in Sri Lanka. The program reaches 100.000 pupils currently. The results achieved during 2015 relates not only to effort made during the year but an effort over several years. Young people in the Star for Life program has a better academic performance compared to young people outside the program and the knowledge of health challenges such as HIV prevention and drugs are also at a higher level. The Star for Life is particular effective among the poorest girls.

### ***Goals and policies for the underrepresented gender***

By having a diverse management composition Zacco aims to increase work quality and interaction within the management team.

Zacco has set the following diversity objectives, which are reviewed once a year.

- Within the next 4 years, at least 25% of the board members elected at the General Meeting should be women. Following the Annual general meeting in May 2015, 25% of the board members are woman. The objective in the future will be to have at least 25% women as members of the Board of Directors.
- Within the next 4 years the gender split in senior management positions (Zacco management team ZMT) should be 30% /70%. By the end of March 2016 25% of senior management were women. It is part of Zacco's personnel policy that the percentage of women in the other managerial positions should be slightly increased, but still engaging the most competent candidates, in order to create an equal distribution of men and women. When Zacco recruits or hire staff for managerial roles, the Company ensure, to the extent possible, to have both female and male candidates. This principle is followed for both internal and external recruitments. The personnel policy will be followed when filling in managerial positions.

## **Accounting Policies**

### ***Basis of preparation***

The Annual Report of Zacco A/S for 2015 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large companies of reporting class C.

The Annual Report for 2015 has been prepared in DKK 1,000.

### ***Change accounting principle***

From 1<sup>st</sup> of January 2015 the Company has changed its accounting policy with respect to the defined benefit pension scheme, by early adoption of the part of the Danish Financial Statement Act, law nr. 738 – 1 June 2015, which relates to defined benefit pension schemes. Actuarial gains and losses are recognised directly in equity instead of in the profit and loss statement.

The change in accounting principle has influenced the profit and loss statement for 2015 with positive DKK 20 million, assets, liabilities and equity are unchanged. As for the financial year 2014 there is no effect on the profit and loss, but the equity has been influence with negative 41.5 million, assets have decreased with DKK 15 million and liabilities have increased with DKK 26 million.

Financial numbers for year 2014 has been restated in accordance with the changed accounting principle. The financial numbers for 2011, 2012 and 2013 have not been changed.

Except for the above, the accounting principles for 2015 remain unchanged.

### ***Recognition and measurement***

All revenues are recognised in the income statement as earned based on the following criteria:

- a binding sales agreement has been made,
- the sales price has been determined, and
- payment has been received at the time of sale or may with reasonable certainty be expected to be received.

Based on the above, revenues are recognised in the income statement as earned, which includes recognition of value adjustments of financial assets and liabilities measured at fair value or amortised cost. Furthermore, 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 and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

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

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

## **Accounting Policies**

### ***Basis of consolidation***

The Annual Report comprises the Parent Company, Zacco A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. The Group comprises Zacco A/S and the enterprises which appear from the group chart.

The Annual Report of the Group has been prepared on the basis of the Annual Reports of the Parent Company and subsidiaries by combining accounting items of a uniform nature.

On consolidation, elimination is made of intercompany income and expenses, shareholdings and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Annual Reports used for the purpose of the Annual Report of the Group have been prepared in accordance with the accounting policies of the Group.

On acquisition of subsidiaries, the difference between cost of acquisition and net asset value of the company acquired is determined at the date of acquisition after the individual assets and liabilities having been adjusted to fair value (the acquisition method) and allowing for the recognition of any restructuring provisions relating to the company acquired. Any remaining positive differences (goodwill) are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straight-line basis over the expected useful life, up to a maximum of 20 years. In each individual case Management estimates the expected useful life.

### ***Minority interests***

On the statement of group results and group equity, the share of results and equity of subsidiaries attributable to minority interests are recognised as separate items in the income statement and the balance sheet. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities at fair value at the time of acquisition of subsidiaries.

On subsequent changes to minority interests, the changed share is included in results as of the date of change.

### ***Leases***

Leases in respect of property, plant and equipment in terms of which the individual group companies assume substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the fair value of the leased asset, if measurable. Alternatively, the net present value, if lower, of future lease payments at the inception of the lease is applied. When computing the net present value, the interest rate implicit in the lease is applied as the discount rate or an approximated value. Assets acquired under finance leases are depreciated and written down for impairment in the same way as the other property, plant and equipment 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 over the lease term.

## **Accounting Policies**

### ***Translation policies***

Transactions in foreign currencies are translated during the year at the exchange rates at the dates of transaction. Gains and losses 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.

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 transaction date rates are recognised in financial income and expenses in the income statement.

On recognition of foreign subsidiaries of the Company that are separate legal entities, income statements are translated at average exchange rates, whereas balance sheet items are translated at the exchange rates at the balance sheet date.

Exchange adjustments arising on the translation of the opening equity of independent foreign enterprises and exchange adjustments arising from the translation at average exchange rates of the income statements of independent foreign enterprises are recognised directly in equity.

### ***Segment reporting***

Segment information is presented in respect of geographical markets. Such information is based on the Company's risks and returns and its internal financial reporting system.

## **Accounting Policies**

### **Income Statement**

#### ***Revenue***

Revenue equals the selling price of work completed for the year. The completion of the individual projects often covers several financial periods and therefore the percentage-of-completion method is applied for the recognition of income. Accordingly, the profit on work performed is recognised as income on a pro rata basis concurrently with finalisation.

#### ***Cost of sales***

Production costs comprise costs incurred to achieve revenue for the year, including out-of-pocket expenses paid by Danish and foreign employees and charges to public authorities.

#### ***Other external expenses***

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Other external expenses also include research and development costs that do not qualify for capitalisation.

#### ***Staff expenses***

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

#### ***Depreciation***

Depreciation comprises amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

#### ***Other operating income and expenses***

Other operating income and expenses comprise accounting items of a secondary nature compared to the Company's main activity, including profit and loss on sale of intangible assets and property, plant and equipment.

Profit or loss on sale or winding up of subsidiaries is calculated as the difference between selling price for the settlement amount and the carrying amount of net assets at the time of sale or winding up, including unamortised goodwill as well as expected costs of sale or winding up.

#### ***Income from investments in group enterprises***

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year less goodwill amortisation and change in internal profit.

#### ***Financial income and expenses***

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments.

#### ***Corporation tax and deferred tax***

Tax for the year consists of current tax for the year and 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 entries is recognised directly in equity.

Current tax liabilities are recognised in short-term debt in the balance sheet in the event of non-payment.



## **Accounting Policies**

Deferred tax is measured under the balance sheet liability method in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes. Deferred tax is measured on the basis of the tax rates of the respective countries.

The Company is jointly taxed with Zacco Denmark A/S. The tax effect of the joint taxation with the subsidiary is allocated in proportion to the taxable incomes (full allocation with credit for tax losses).

## **Balance Sheet**

### **Intangible assets**

#### ***Goodwill***

Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience with the individual business areas. The maximum amortisation period is 20 years. In each individual case Management estimates the expected useful life.

#### ***Development projects***

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 and 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 manufacture, 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, distribution 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 at 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. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

## Accounting Policies

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 equipment	3-5 years
Computer hardware and software	3 years
Leasehold improvements	5 years

Gains and losses on current replacement of property, plant and equipment are recognised in "Depreciation".

New acquisitions costing less than DKK 12,300 are expensed fully in the year of acquisition.

### ***Impairment of fixed assets***

The carrying amounts of both 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. The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets should be assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill and other assets for which a value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

### ***Fixed asset investments***

Unlisted shares are measured at estimated selling price.

### ***Investments in subsidiaries***

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

The items "Investments in subsidiaries" 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 any remaining value of positive differences (goodwill) and deduction of any remaining value of negative differences (negative goodwill).

The total net revaluation of investments in subsidiaries 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 subsidiaries.

Subsidiaries 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.

### ***Receivables***

Receivables are recognised in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable as well as general write-down based on the Company's experience from previous years.

## **Accounting Policies**

### ***Contract work in progress***

Contract work in progress is measured at the selling price of the work performed based on 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.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Prepayments are set off against contract work in progress. Payments received on account in excess of the contract work performed to date are stated separately for each contract and recognised as prepayments received from customers in short-term debt.

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

### ***Prepayments and deferred income***

Prepayments include expenses incurred in respect of subsequent financial years. Such expenses are typically prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

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

## **Equity**

### ***Dividend***

Dividend proposed distributed for the year by Management is shown as a separate equity item.

### ***Provisions***

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

### ***Pension obligations***

To the extent that pension obligations are not covered by insurance, they are recognised in the balance sheet as provisions. The calculation of the liability is based on actuarial computations or on capitalised values.

## **Accounting Policies**

### ***Financial debts***

Fixed-interest loans, such as loans from credit institutions, intended held to maturity are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost equal to the capitalised value using the effective interest method; the difference between the proceeds and the nominal value (the capital loss) is recognised in the income statement over the loan period.

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

### ***Derivative financial instruments***

On initial recognition, derivative financial instruments are measured at cost and subsequently at fair value in the balance sheet. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" or "Other payables", respectively.

Change in the fair value of derivative financial instruments is recognised in the income statement unless the derivative financial instrument is classified as and meets the criteria for hedge accounting, see below.

#### **Hedge accounting**

A change in the fair value of financial instruments classified as and complying with the criteria for hedging of the fair value of a recognised asset or a recognised liability is recognised in the income statement together with changes in the fair value of the hedged asset or the hedged liability which is attributable to the hedged risk.

A change in the fair value of financial instruments classified as and complying with the criteria for hedging of expected future transactions is recognised in equity as retained earnings with respect to the effective part of the hedging. The ineffective part is recognised in the income statement. If the hedged transaction results in an asset or a liability, amounts deferred under equity are transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, amounts deferred under equity are transferred from equity and recognised in the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

A change in the fair value of financial instruments classified as and complying with the criteria for hedging of net investments in independent subsidiaries or associates is recognised directly in equity with respect to the effective part of the hedging, whereas the ineffective part is recognised in the income statement.

### ***Accrued contributions***

Contributions received to cover expenses not yet incurred are stated as prepaid contributions and recognised as the expenses are incurred.

## **Accounting Policies**

### **Cash Flow Statement**

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

#### ***Cash flows from operating activities***

Cash flows from operating activities are calculated as the group net profit/loss for the year adjusted for non-cash operating items such as depreciation, amortisation and impairment losses, provisions as well as changes in working capital. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

#### ***Cash flows from investing activities***

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

#### ***Cash flows from financing activities***

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payment of dividend to shareholders.

#### ***Cash and cash equivalents***

Cash and cash equivalents comprise "Cash at bank and in hand".

## Accounting Policies

### Financial ratios

The Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2010".

The financial ratios have been calculated as follows:

EBITDA = Earnings before interests, tax, depreciations and amortisations

Gross margin =  $\frac{\text{Gross profit} \times 100}{\text{Revenue}}$

Profit margin =  $\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$

Return on net assets =  $\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$

Solvency ratio =  $\frac{\text{Equity at year end} \times 100}{\text{Total assets}}$

Return on equity =  $\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$

## Income statement 1 January to 31 December

	Note	Group		Parent Company	
		2015 DKK '000	2014 DKK '000	2015 DKK '000	2014 DKK '000
<b>Revenue</b>	<b>1,2</b>	493.104	525.155	3.368	2.411
Cost of sales		-171.254	-167.433	-3.249	-1.260
Other external expenses		-71.388	-97.978	-	-2.633
<b>Gross profit</b>		<b>250.462</b>	<b>259.744</b>	<b>119</b>	<b>-1.481</b>
Staff costs	19	-230.577	-257.633	-198	-661
Other operating income	3	-	14.129	-	-
Other operating expenses		-130	-	-	-
Amortisation and depreciation	4	-2.627	-2.389	-779	-938
<b>Result before financial income and expenses</b>		<b>17.128</b>	<b>13.851</b>	<b>-857</b>	<b>-3.080</b>
Income from investments in subsidiaries	10	-	-	12.854	14.347
Financial income	5	12.166	7.987	4.890	4.876
Financial expenses	6	-14.566	-11.459	-3.992	-5.657
<b>Result before tax</b>		<b>14.728</b>	<b>10.379</b>	<b>12.895</b>	<b>10.486</b>
Tax on profit for the year	7	-2.100	1.056	-267	949
<b>Result before minority interests</b>		<b>12.628</b>	<b>11.435</b>	<b>12.628</b>	<b>11.435</b>
Minority interests share of subsidiaries' profit/loss		-	-	-	-
<b>Profit / (Loss) for the year</b>		<b>12.628</b>	<b>11.435</b>	<b>12.628</b>	<b>11.435</b>
<b>Proposed distribution of profit:</b>					
Proposed dividends for the financial year				-	-
Retained earnings				10.569	9.580
				<u>10.569</u>	<u>9.580</u>
Reserve for net revaluation according to the equity method				2.059	1.855
				<u>12.628</u>	<u>11.435</u>

## Balance sheet at 31 December

	Note	Group		Parent Company	
		2015 DKK '000	2014 DKK '000	2015 DKK '000	2014 DKK '000
<b>Assets</b>					
Goodwill		-	-	-	-
Development projects		266	680	-	-
<b>Intangible assets</b>	<b>8</b>	<b>266</b>	<b>680</b>	<b>-</b>	<b>-</b>
Other fixtures and fittings, tools and equipment		5.070	7.360	472	1.310
<b>Property, plant and equipment</b>	<b>9</b>	<b>5.070</b>	<b>7.360</b>	<b>472</b>	<b>1.310</b>
Investments in subsidiaries		-	-	57.461	41.235
Deposits		-	2.114	19	19
Other securities and investments		13	13	-	-
<b>Fixed asset investments</b>	<b>10</b>	<b>2.145</b>	<b>2.127</b>	<b>57.480</b>	<b>41.254</b>
<b>Fixed assets</b>		<b>7.480</b>	<b>10.167</b>	<b>57.952</b>	<b>42.564</b>
Trade receivables		100.312	92.646	-	911
Contract work in progress	<b>11</b>	14.141	10.674	-	-
Receivables from group enterprises		-	-	62.538	55.648
Other receivables		7.587	5.375	3.046	45
Income taxes		7.625	3.527	-	-
Deferred tax asset	<b>14</b>	8.056	10.119	6.148	6.415
Prepayments		7.748	8.620	929	768
<b>Receivables</b>		<b>145.469</b>	<b>130.962</b>	<b>72.661</b>	<b>63.787</b>
<b>Cash at bank and in hand</b>	<b>12</b>	<b>8.621</b>	<b>26.703</b>	<b>0</b>	<b>9</b>
<b>Total current assets</b>		<b>154.091</b>	<b>157.665</b>	<b>72.661</b>	<b>63.796</b>
<b>Assets</b>		<b>161.571</b>	<b>167.832</b>	<b>130.613</b>	<b>106.360</b>



## Balance sheet at 31 December

	Note	Group		Parent Company	
		2015	2014	2015	2014
		DKK '000	DKK '000	DKK '000	DKK '000
<b>Equity and liabilities</b>					
Share capital		36.998	36.313	36.998	36.313
Retained earnings		28.504	-6.080	28.908	-6.080
<b>Equity</b>	<b>13</b>	<b>65.502</b>	<b>30.233</b>	<b>65.502</b>	<b>30.233</b>
<b>Minority interests</b>		<b>12</b>	<b>12</b>	<b>-</b>	<b>-</b>
Pension commitments		3.740	4.547	-	-
Other provisions	10,15	-	-	16.037	49.650
<b>Provisions</b>		<b>3.740</b>	<b>4.547</b>	<b>16.037</b>	<b>49.650</b>
Employee bonds		-	38	-	-
<b>Non-current liabilities</b>	<b>16</b>	<b>0</b>	<b>38</b>	<b>0</b>	<b>0</b>
Credit institutions	16	-	3.838	40.428	15.293
Prepayments received from customers	11	1.216	1.742	-	-
Trade payables		27.096	35.631	1.192	4.225
Other payables		64.006	88.701	7.455	6.959
Deferred income		-	3.091	-	-
<b>Current liabilities</b>		<b>92.318</b>	<b>133.002</b>	<b>49.075</b>	<b>26.477</b>
Liabilities other than provisions		92.318	133.040	49.075	26.477
<b>Equity and liabilities</b>		<b>161.571</b>	<b>167.832</b>	<b>130.613</b>	<b>106.360</b>
Contingent items, securities and other financial commitments	17				
Fees to auditors appointed by the General Meeting	18				
Employees	19				
Related parties and ownership	20				
Cash flow statement - adjustments	21				
Cash flow statement - working capital changes	22				

Statement of changes in equity - Group	Share capital	Share premium account	Retained earnings	Proposed dividends	Total
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Equity at 1 January 2015	36.313	-	-6.080	-	30.233
Capital increase	685	1.536			2.221
Purchase of treasury shares			-404		(404)
Transferred to distributable reserves		-1.536	1.536		-
Costs regarding capital increase			-32		(32)
Exchange adjustments relating to independent foreign entities			-2.103		(2.103)
Exchange adjustments relating to profit for the year			44		44
Change in accounting principle - pension commitments			22.915		22.915
Profit for the year			12.628		12.628
<b>Equity at 31 December 2015</b>	<b>36.998</b>	<b>-</b>	<b>28.504</b>	<b>-</b>	<b>65.502</b>

Statement of changes in equity - Group	Share capital	Share premium account	Retained earnings	Proposed dividends	Total
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Equity at 1 January 2014	27.987	-	6.789	-	34.776
Capital increase	27.320	729			28.049
Transferred to distributable reserves	-18.994	-729	19.723		-
Costs regarding capital increase			-631		-631
Exchange adjustments relating to independent foreign entities			-512		(512)
Exchange adjustments relating to profit for the year			-1.343		-1.343
Change in accounting principle - pension commitments			-41.541		(41.541)
Profit for the year			11.435		11.435
<b>Equity at 31 December 2014</b>	<b>36.313</b>	<b>-</b>	<b>(6.080)</b>	<b>-</b>	<b>30.233</b>

Statement of changes in equity - Parent Company	Share capital	Share premium account	Reserve according to the equity method	Retained earnings	Total
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Equity at 1 January 2015	36.313	-	-	-6.080	30.233
Capital increase	685	1.536			2.221
Transferred to distributable reserves		-1.536		1.536	-
Purchase of treasury shares			-404		(404)
Sale of treasury shares					-
Costs regarding capital increase				-32	-32
Exchange adjustments relating to independent foreign entities			-2.103		-2.103
Exchange adjustments relating to loss for the year			44		44
Change in accounting principle - pension commitments				22.915	22.915
Profit for the year			2.059	10.569	12.628
<b>Equity at 31 December 2015</b>	<b>36.998</b>	<b>-</b>	<b>(404)</b>	<b>28.908</b>	<b>65.502</b>

Statement of changes in equity - Parent Company	Share capital	Share premium account	Reserve according to the equity method	Retained earnings	Total
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Equity at 1 January 2014	27.987	-	-	6.789	34.776
Capital increase	27.320	729			28.049
Transferred to distributable reserves	-18.994	-729		19.723	-
Costs regarding capital increase				-631	-631
Exchange adjustments relating to independent foreign entities			-512		-512
Exchange adjustments relating to loss for the year			-1.343		-1.343
Interest swap				-	-
Change in accounting principle - pension commitments				-41.541	(41.541)
Profit for the year			1.855	9.580	11.435
<b>Equity at 31 December 2014</b>	<b>36.313</b>	<b>-</b>	<b>-</b>	<b>(6.080)</b>	<b>30.233</b>

## Consolidated cash flow statement 1 January to 31 December

	Note	2015 DKK '000	2014 DKK '000
Profit for the year		12.628	11.435
Adjustments	21	1.321	-21.442
Change in working capital	22	-25.421	11.595
<b>Cash flows from operating activities before net financials</b>		<b>-11.471</b>	<b>1.588</b>
Interest income and similar		12.166	7.987
Interest expenses and similar		-14.566	-11.459
<b>Cash flows from ordinary activities</b>		<b>-13.871</b>	<b>-1.884</b>
Paid/repaid Income taxes		-4.135	1.308
<b>Cash flows from operating activities</b>		<b>-18.006</b>	<b>-576</b>
Purchase of property, plant and equipment		-137	-5.691
Increase/decrease in deposits		2.114	277
Sale of investments		-	16.195
		<b>1.977</b>	<b>10.781</b>
Installments on loans and credit institutions		-3.838	-39.510
Treasury shares, net		-404	-
Capital increase		2.221	28.049
Costs regarding capital increase		-32	-631
<b>Cash flows from financing activities</b>		<b>-2.053</b>	<b>-12.092</b>
<b>Decrease in cash and cash equivalents</b>		<b>-18.082</b>	<b>-1.888</b>
Cash and cash equivalents at 1 January		26.703	28.591
<b>Cash and cash equivalents at 31 December</b>		<b>8.621</b>	<b>26.703</b>

## Notes to the annual report

### 1 Segment reporting

Geographical markets	Group	
	2015 DKK '000	2014 DKK '000
<b>Revenue</b>		
Denmark	159.806	150.380
Sweden	208.205	238.348
Norway	102.293	121.984
Holland	-	73
Germany	22.800	14.371
<b>Operating activities</b>	<b>493.104</b>	<b>525.155</b>
Zacco A/S		
	<b>493.104</b>	<b>525.155</b>

2 Revenue	Parent Company	
	2015 DKK '000	2014 DKK '000
Geographical markets:		
Europe	3.368	2.411

### 3 Other operating income

Other operating income includes profit on sale of investment in Patrafee AB in 2014.

## Notes to the annual report

	Group		Parent Company	
	2015	2014	2015	2014
	DKK '000	DKK '000	DKK '000	DKK '000
<b>4 Amortisation, depreciation and write-down</b>				
Goodwill	-	-	-	-
Development costs	445	561	-	-
Other fixtures and fittings, tools and equipment	2.182	1.828	779	938
	<u>2.627</u>	<u>2.389</u>	<u>779</u>	<u>938</u>

	Group		Parent Company	
	2015	2014	2015	2014
	DKK '000	DKK '000	DKK '000	DKK '000
<b>5 Financial income</b>				
Interests on cash & Bank deposits	128	261	-	-
Interest income from group companies	-	-	1.655	1.623
Exchange adjustments	12.039	7.663	3.235	3.253
Other financial income	-	64	-	-
	<u>12.166</u>	<u>7.988</u>	<u>4.890</u>	<u>4.876</u>

	Group		Parent Company	
	2015	2014	2015	2014
	DKK '000	DKK '000	DKK '000	DKK '000
<b>6 Financial expenses</b>				
Exchange adjustments	12.297	9.021	3.691	5.081
Instruments of debt and credit institutions	842	908	147	155
Interest expenses from group companies	-	-	142	346
Other financial expenses	1.427	1.530	12	75
	<u>14.566</u>	<u>11.459</u>	<u>3.992</u>	<u>5.657</u>

	Group		Parent Company	
	2015	2014	2015	2014
	DKK '000	DKK '000	DKK '000	DKK '000
<b>7 Tax on profit for the year</b>				
Current tax for the year	-1.712	61	13	998
Deferred tax for the year	-388	688	-280	-356
Adjustment of tax regarding previous years	-	307	-	307
	<u>-2.100</u>	<u>1.056</u>	<u>-267</u>	<u>949</u>

## Notes to the annual report

### 8 Intangible assets

	Group			
	Goodwill	Development costs	2015 Total	2014 Total
	DKK '000	DKK '000	DKK '000	DKK '000
Cost at 1 January	17.577	3.671	21.248	22.119
Exchange adjustment to rate at year-end	437	26	463	-871
Disposals for the year	-	-2.893	-2.893	-
<b>Cost at 31 December</b>	<b>18.014</b>	<b>804</b>	<b>18.818</b>	<b>21.248</b>
Amortisation and write-down at 1 January	17.577	2.991	20.568	20.847
Exchange adjustment to rate at year-end	437	12	449	-834
Amortisation and write-down for the year	-	445	445	561
Exchange adjust. of amortisation for the year	-	-17	-17	-5
Reversed write-down and amortisation	-	-2.893	-2.893	-
<b>Amortisation and write-down at 31 December</b>	<b>18.014</b>	<b>538</b>	<b>18.552</b>	<b>20.568</b>
<b>Carrying amount at 31 December</b>	<b>-</b>	<b>266</b>	<b>266</b>	<b>680</b>
Amortised over max. years	10	5	5-10	5-10

### 9 Property, plant and equipment

	Group	
	2015	2014
	DKK '000	DKK '000
<b>Other fixtures and fittings, tools and equipment</b>		
Cost at 1 January	22.134	33.400
Exchange adjustment to rate at year-end	129	-969
Additions during the year	137	5.691
Disposals during the year	-9.052	-15.989
<b>Cost at 31 December</b>	<b>13.348</b>	<b>22.134</b>
Depreciation and write-down at 1 January	14.774	29.851
Exchange adjustment to rate at year-end	142	-934
Depreciation for the year	2.182	1.828
Exchange adjustment of depreciation for the year	5	2
Reversed write-down and depreciation	-8.825	-15.974
<b>Depreciation and write-down at 31 December</b>	<b>8.278</b>	<b>14.774</b>
<b>Carrying amount at 31 December</b>	<b>5.070</b>	<b>7.360</b>
Depreciated over max. years	3-5	3-5
Of this, assets held under finance lease are included by	<b>472</b>	<b>1.124</b>

## Notes to the annual report

	Parent Company	
	2015	2014
	DKK '000	DKK '000
<b>Other fixtures and fittings, tools and equipment</b>		
Cost at 1 January	3.727	8.468
Disposals during the year	-1.612	-4.741
Cost at 31 December	<u>2.115</u>	<u>3.727</u>
Depreciation and write-down at 1 January	2.417	6.220
Depreciation for the year	779	938
Depreciation and write-down for the year of sold assets	-1.553	-4.741
Depreciation and write-down at 31 December	<u>1.643</u>	<u>2.417</u>
<b>Carrying amount at 31 December</b>	<u>472</u>	<u>1.310</u>
Depreciated over max. years	<u>3-5</u>	<u>3-5</u>
Of this, assets held under finance lease are included by	<u>472</u>	<u>1.124</u>

### 10 Fixed asset investments

	Parent Company	
	2015	2014
	DKK '000	DKK '000
<b>Investments in subsidiaries</b>		
Cost at 1 January	43.908	43.959
Additions for the year	16.085	-
Disposals for the year	-	-51
Cost at 31 December	<u>59.993</u>	<u>43.908</u>
Value adjustments at the beginning of the year	-52.322	-23.324
Exchange rate adjustment	-2.059	-1.855
Profit for the year	12.898	14.347
Disposals for the year	0	53
Other adjustments	22.915	-41.543
<b>Value adjustments at 31 December</b>	<u>-18.568</u>	<u>-52.322</u>
Negative investments in subsidiaries moved to provisions	<u>16.037</u>	<u>49.650</u>
<b>Carrying amount at 31 December</b>	<u>57.461</u>	<u>41.235</u>



## Notes to the annual report

*Investments in subsidiaries can be specified as follows:*

Name	Owner- ship in %	Contribu- ted capital	Equity DKK '000	Profit before tax DKK '000	Profit for the year DKK '000
Zacco Denmark A/S	100%	TDKK 1.100	28.963	7.736	5.971
Zacco Norway AS	100%	TNOK 1.000	8.745	6.212	6.212
Zacco Sweden AB	100%	TSEK 100	19.749	826	891
Zacco Germany GmbH	100%	TEUR 26	-16.037	-177	-177
M James Ip Ltd	25%	GBP 120	4	-	-
			41.424	14.598	12.898
Negative investments in subsidiaries moved to provisions			16.037		
			57.461	14.598	12.898

## Notes to the annual report

Group	Pension	Other securities and investments
	DKK '000	DKK '000
Cost at 1 January 2015	2.114	13
Exchange adjustment to year-end rates	-	-
Additions during the year	18	-
Disposals during the year	-	-
<b>Carrying amount at 31 December</b>	<b>2.132</b>	<b>13</b>

In June 2015 Zacco Norway AS change the defined benefit pension scheme to defined contribution pension scheme. The net pension asset DKK 15.473k recognised as at 31.12.2014 , under the former accounting principle has, in accordance with the new accounting principle been recognised in the profit and loss and in equity during 2015. Please refer to the describing "Change in accounting principle" under Accounting policies.

## Notes to the annual report

	Group		Parent Company	
	2015	2014	2015	2014
	DKK '000	DKK '000	DKK '000	DKK '000
<b>11 Contract work in progress</b>				
Work in progress (assets)	14.141	10.674	-	-
Prepayments received (liabilities)	-1.216	-1.742	-	-
	<u>12.925</u>	<u>8.933</u>	<u>-</u>	<u>-</u>

	Group		Parent Company	
	2015	2014	2015	2014
	DKK '000	DKK '000	DKK '000	DKK '000
<b>12 Cash and cash equivalents</b>				

The total cash and cash equivalents are distributed as follows:

Available cash and cash equivalents	8.621	20.228	-	9
Cash and cash equivalents tied up	0	6.475	-	-
	<u>8.621</u>	<u>26.703</u>	<u>0</u>	<u>9</u>

## 13 Equity

The share capital consists of 73.996.119 shares of nominally DKK 0,5. No shares have special rights.  
The company has issued 1.368.810 shares in 2015.

Specification of changes in share capital:

	2015	2015	2014	2013	2012
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Share capital at the beginning of the year	72.627	27.987	17.987	17.987	15.904
Capital increase	1.369	44.640	10.000	-	2.083
Change of nominal value per share from DKK 1 to DKK 0,5		37.987			
Share decrease to retained earnings		-37.987			
	<u>73.996</u>	<u>72.627</u>	<u>27.987</u>	<u>17.987</u>	<u>17.987</u>

## Notes to the annual report

	Group		Parent Company	
	2015	2014	2015	2014
<b>14 Deferred tax asset</b>	DKK '000	DKK '000	DKK '000	DKK '000
Intangible assets	-	-61	-	-
Property, plant and equipment	174	-112	-	-
Trade receivables	189	601	-	-
Work in progress	-632	-592	-	-
Pension asset (net)	518	-	-	-
Accrued costs	708	1.336	-	-
Tax losses carryforward	7.099	8.948	6.148	6.415
	<b>8.056</b>	<b>10.119</b>	<b>6.148</b>	<b>6.415</b>

The Group has a unrecognised deferred tax asset relating to Zacco Norway AS and Zacco Germany.

### 15 Other provisions

Other provisions comprise staff-related expenses, negative investments in subsidiaries, claims from sales of investments and provision for pensions.

## Notes to the annual report

### 16 Non-current liabilities

Instalments due within 1 year have been listed under current liabilities. Other liabilities have been recognised under non-current liabilities.

The liabilities fall due according to the below order:

	Group		Parent Company	
	2015 DKK '000	2014 DKK '000	2015 DKK '000	2014 DKK '000
<b>Employee bonds</b>				
After five years	-	-	-	-
Between 1 and 5 years	0	0	0	0
Non-current portion	0	0	0	0
Within 1 year	-	38	-	38
	<b>0</b>	<b>38</b>	<b>0</b>	<b>38</b>
<b>Credit institutions</b>				
After five years	-	-	-	-
Between 1 and 5 years	-	-	-	-
Non-current portion	-	-	-	-
Within 1 year	-	3.838	40.428	15.293
	<b>0</b>	<b>3.838</b>	<b>40.428</b>	<b>15.293</b>

## Notes to the annual report

### 17 Contingent items, securities and other financial commitments

#### Lease commitments from operating lease.

Total future rental and lease payments:	Group	
	2015	2014
	DKK '000	DKK '000
Within 1 year	18.217	20.524
Between 1 and 5 years	40.815	54.797
After five years	343	539
	<u>59.375</u>	<u>75.859</u>

The Group is regularly party to lawsuits, disputes and similar. Management does not believe these cases to significantly influence the Group's financial position.

A security of 43 mDKK in debtors and operating equipment in Zacco Denmark A/S has been granted as security for the total bank commitment for Zacco A/S, Zacco Denmark A/S, Zacco Norway and Zacco Germany.

A security in debtors of 37,9 mSEK has been granted as security for Zacco Sweden AB's total bank commitment. The companies in the Group have provided security to credit institutions by way of guarantee of 44,9 mDKK corresponding to the limit for operating credit facility.

#### Parent

A subordination agreement between the Parent company and Zacco Germany has been issued of 510 tEUR. The parent company has issued a bank guarantee of 500 tEUR relating to claims from sales of the shares in Zacco Netherlands.

## Notes to the annual report

	Group		Parent Company	
	2015	2014	2015	2014
	DKK '000	DKK '000	DKK '000	DKK '000
<b>18 Fee to auditors appointed by the General Meeting</b>				
Audit fees	627	703	130	100
Other statements and reports	-	-	-	-
Income taxes	57	37	20	-
Other services	161	66	10	-
	<b>845</b>	<b>806</b>	<b>160</b>	<b>100</b>

	Group		Parent Company	
	2015	2014	2015	2014
	DKK '000	DKK '000	DKK '000	DKK '000
<b>19 Employees</b>				
Salaries	189.608	199.676	23.787	28.225
Pensions	12.605	23.132	448	690
Other social security costs	28.364	34.824	190	314
Allocation to other Group companies	-	-	-24.228	-28.568
	<b>230.577</b>	<b>257.633</b>	<b>197</b>	<b>661</b>
Total remuneration for Executive and Board of Directors	<b>7.984</b>	<b>9.055</b>	<b>7.984</b>	<b>9.055</b>
Average number of employees	<b>310</b>	<b>326</b>	<b>27</b>	<b>30</b>

## Notes to the annual report

### 20 Related parties and ownership

#### Controlling influence

No related parties have a controlling interest.

#### Other related parties

Apart from intra-group transactions which have been eliminated in the consolidated financial statements as well as normal management fee and consultant fee, no transactions have been performed during the year with Executive and Board of Directors, managing employees, significant shareholders, group enterprises or other related parties.

#### Ownership

The following shareholders are registered in the Company's register of shareholders as owning minimum 5% of the votes or minimum 5% of the share capital:

Eterna Invest AB, Sverige

Stekakaka AB, Sverige

Mats Boström, Sverige

### 21 Cash flow statement - adjustments

	Group	
	2015	2014
	DKK '000	DKK '000
Other operating income/expenses	130	-14.129
Financial income	-12.166	-7.987
Financial expenses	14.566	11.459
Amortisation, depreciation and write-down for the year	2.627	2.389
Adjustment related to pension asset in Zacco Norway AS	-3.071	0
Adjustment of pension commitment and other liabilities	-807	-10.363
Fair value of interest rate swap	0	0
Tax on profit for the year	2.100	-1.056
Adjustment of sale of investments	-	-
Other adjustments	-2.057	-1.756
	<u>1.321</u>	<u>-21.442</u>



## Notes to the annual report

22 Cash flow statement - working capital changes	Group	
	2015 DKK '000	2014 DKK '000
Change in receivables	-14.605	23.365
Change in trade payables, other payables, etc	-10.816	-11.770
	<u>-25.421</u>	<u>11.595</u>

### 23 Incentive programme

Zacco has issued 2.110.000 call options in 2014 to key members of management. The options gives the option holder a right to purchase one (1) share for each option.

The options are issued in two (2) allotments. First allotment could be called during October 2015, and second allotment can be called during October 2016. The purchase price for the options has been calculated using the Black-Scholdes formula to ensure a market price.

First allotment expired November 2015 and second allotment expires November 2016 if not called by option holder.

During October 2015 402.500 options were called and the remaining options of first allotment expired November 2015.