Bluegarden Holding A/S

Annual Report 2015

CVR 27 22 60 27

Lautrupbjerg 6
2750 Ballerup

The Annual Report was presented and approved at the General Meeting on 6 April 2016

Peter Thomas Meier

Peter Meier
Chairman of the meeting

Content

Management statement on the Annual Report

The Board of Directors and the management have today considered and approved the annual report for 2015 for Bluegarden Holding A/S. The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion the financial statements give a true and fair view of the group's and the parent company's assets and liabilities, the financial position at 31 December 2015, the result of the activities of the Group and the parent company and the group's cash flows for 1 January 2015 to 31 December 2015. Further it is our opinion that the Management report gives a true and fair view of developments in the activities included in the Management report.

We recommend that the annual report to be adopted by the shareholders at the annual general meeting.

Ballerup 15 March 2016

Management

Mogens Elsberg

Per Hviid

Board of Directors

Shawn McMorran
Chairman

Jan-Olivier Fillols
Vice chairman

Robb Warwick

Andreas Schulte

Susanne Estrup

Michael Samuelsen

Majken Andersen Havn

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Board of Directors

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Robb Warwick	Andreas Schulte	
Susanne Estrup	Michael Samuelsen	Majken Andersen Havn

Independent auditor's report

To the owner of Bluegarden Holding A/S

Report on the financial statements

We have audited the consolidated financial statements and parent financial statements of Bluegarden Holding A/S for the financial year 01.01.2015 - 31.12.2015, which comprise the accounting policies, income statement, balance sheet and notes for the Group as well as for the Parent and the consolidated cash flow statement. The consolidated financial statements and parent financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements and parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements and parent 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 about whether consolidated financial statements and parent 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 financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the consolidated financial statements and parent financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements and parent 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 entity'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 the overall presentation of the consolidated financial statements and parent financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2015, and of the results of their operations and the Group's cash flows for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

Statement on the management report

Pursuant to the Danish Financial Statements Act, we have read the management report. We have not performed any further procedures in addition to the audit of the consolidated financial statements and parent financial statements.

On this basis, it is our opinion that the information provided in the management report is consistent with the consolidated financial statements and parent financial statements.

Copenhagen 15 March 2016

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR 33963556

Kim Gerner
State-authorized Public Accountant

Company information

The company	Bluegarden Holding A/S Lautrupbjerg 6 2750 Ballerup Phone: +45 72 27 90 00 Fax: +45 72 27 90 99 Homepage: www.bluegarden.com CVR: 27 22 60 27 Accounting period: 1 January - 31 December Location: Ballerup
Board of Directors	Shawn McMorran, Chairman Jan-Olivier Fillols, Vice chairman Robb Warwick Andreas Schulte Susanne Estrup Michael Samuelsen Majken Andersen Havn
Management	Mogens Elsberg Per Hviid
Audit company	Deloitte Statsautoriseret Revisionspartnerselskab

Financial highlights of the Group

	2015 MDKK	2014 MDKK	2013 MDKK	2012 MDKK	2011 MDKK
Key figures					
Income statement					
Revenue	776	783	808	831	844
Gross profit*	430	398	233	-8	227
Profit from operations	-2	21	15	-288	-24
Result of financial items, net	-6	-8	-11	-9	-11
Profit for the year	-12	1	-7	-309	-36
Balance sheet					
Total assets	358	332	375	415	659
Gross investments in intangible and tangible assets	40	44	38	86	64
Equity	52	64	65	-121	186
Cash flow					
Cash flow from					
- operating activities	96	65	31	30	83
- investment activities	-40	-44	-32	-86	-64
- financing activities	2	-28	9	56	-22
Change in cash	58	-7	8	0	-3
Number of employees (average for the year)	615	602	566	636	641
KPI %					
Gross margin*	55%	50%	29%	-1%	27%
Profit margin	0%	3%	2%	-35%	-3%
Return on assets	0%	6%	4%	-69%	-4%
Equity ratio	14%	19%	17%	-29%	28%
Return on equity	-21%	2%	-11%	-959%	-18%

*Figures for 2011-2013 are not fully comparable to 2014 and 2015, as R&D costs are shown separately in 2014-15 to improve transparency.

Management report

Corporate mission and goals

Bluegarden is Scandinavia's leading provider of payroll and HR administration services. The Group manages disbursement of wages and salaries by means of its payroll systems and provides HR administration systems and numerous related outsourcing services to support our customers' organisations.

Mission: Bluegarden's mission is to make the daily life of our customers easier by handling or supporting payroll and HR administration activities.

Values: Precision – Respect – Simplicity – Value creation - Execution

Group structure

Bluegarden Holding A/S is parent to the following group enterprises (together the Group), and the structure has not been changed during the year:

- Bluegarden A/S, Denmark
- Bluegarden AS, Norway
- Bluegarden AB, Sweden

The Bluegarden Group was in September 2015 acquired by Marlin Equity Partners through the Danish company Team Siri Holding ApS (established for the purpose of acquiring the shares in Bluegarden Holding A/S).

For practical reasons all employees were transferred from Bluegarden Holding A/S to Bluegarden A/S with effect from 1 January 2015.

Strategic activities in 2015

In 2015, the key strategic activities were:
- Development activities aimed at retaining customers in the cyclical market of small and medium-size enterprises in Denmark. The first mobile solutions in Denmark were launched in 2015.
- Migrating customers from older payroll platforms to new payroll solutions for the purpose of phasing out older platforms and saving costs.
- Development and implementation initiatives on large customers within the private and public sectors in all three countries.

Management report

Development in activities and finances in 2015

In 2015, the Group realised revenue of DKK 776m, 1% down on last year. Adjusted for exchange rate fluctuations, the revenue increased by 1%. The Group realised higher revenue from outsourcing services, particular in Sweden.

Operating expenses amounted to DKK 778m in 2015 (2014: DKK 762m). Compared to 2014 the costs decreased by DKK 15m due to effect of exchange rates. Costs related to restructuring activities are totalled DKK 56 m. Excluding these cost the reduction of costs was 25 MDKK. The lower costs compared to 2014 are primarily attributable to the reduction in production costs resulting from operation optimisation initiatives and lower personnel costs in the last quarter of 2015 due to a reduction in number of employees.

Profit before net financials stands at DKK -2m (2014: DKK 21m).

Net financials for 2015 amounted to an expense of DKK 6m (2014: DKK 8m). The lower financial expenses compared to 2014 are primarily due to the effect of foreign exchange losses in 2014.

The pre-tax profit was realised at DKK -7m against DKK 13m in 2014. This financial performance is consistent with the earnings expectations announced for the year if disregarding the restructuring costs.

The income tax charged on profit for the year was DKK 5m, leaving a negative profit of DKK 12m. The tax charged concerns the Danish companies, in aggregate realising a profit. No deferred tax has been capitalised with respect to the loss generated by the Norwegian and Swedish subsidiaries. The value of non-capitalised tax losses that may be used by the Norwegian and Swedish subsidiaries is DKK 61m.

The Danish company realised higher revenue from outsourcing services but systems services and consultancy service sales decreased in 2015. Overall revenue declined by 2% in 2015. The Danish company's profit before net financials and excluding the restructuring costs was DKK 71m in 2015 (2014: DKK 72m), equivalent to a profit margin of 15% (2014: 15%).

In 2015, the Norwegian subsidiary experienced growth in systems services, primarily related to the launching of a solution to manage the Norwegian "A-ordning" scheme (electronic reporting of salaries to public authorities). Revenue from consultancy services decreased compared to last year, primarily because of fewer new sales. Due to considerable reductions in costs resulting from operation optimisation initiatives and full year effect from the phase-out of a payroll platform in 2014, profit excluding restructuring costs and before net financials improved by DKK 12m to DKK 14m.

The Swedish company achieved revenue growth of 8% in 2015. Costs have been reduced by 4% when excluding restructuring costs. The Swedish subsidiary remain loss making although the losses have been reduced significantly from -17% marging to -4%.

Management report

Balance sheet

At 31 December 2015, the balance sheet totalled DKK 358m compared to DKK 332m at 31 December 2014. The increase arises primarily from increased cash partly counterbalanced by a reduction of the value of fixed assets as amortisation and depreciation exceeded investments for the year and by translation of the balance sheets of the Norwegian and Swedish subsidiaries at lower exchange rates.

Investments in property, plant and equipment and intangible assets totalled DKK 39m in 2015 (2014: DKK 44m), most of which relates to the focus on modernising some of the Group's payroll platforms and investments in various process-optimising systems.

Unusual circumstances

In 2015 an organisational restructuring was completed in the Danish, Norwegian and Swedish companies and severance agreements were made with 98 employees and managers. The result for the year include costs of DKK 56m related to these agreements.

Uncertainty relating to recognition and measurement

At 31 December 2015, goodwill from the acquisition of the Bluegarden Group amounted to DKK 79m, and it was tested for impairment at this date. Due to the nature of business activities, expected cash flows need to be estimated many years ahead. The budget for 2016 including forecast for 2017 have been approved by local management, Group Management and the Board of Directors. They include the effect of plans intended to ensure major growth and efficiency improvement in the years ahead, including that the restructuring plan will be realised as assumed. Similar assumptions underlie the verification of the value of the Norwegian subsidiary's tax asset.

The main local payroll and frontend systems are significant intangible assets that have been tested for impairment at 31 December 2015. The impairment tests included expected selling prices, volumes and maintenance costs which are estimated to be realised over the systems' useful lives, including major growth and efficiency improvement in the years ahead, and expected costs of completion for non-completed development areas.

Obviously, the budgets and forecasts forming the basis of the discounted cash flow calculations applied in the impairment tests are subject to uncertainty. A discount rate of 9.1% (2014: 9.4%) has been used in the calculations. The change in the discount rate compared to 2014 has been caused by a change in the risk-free interest rate.

The impairment test of the assets mentioned did not give rise to any write-downs.

Outlook for 2016

A cautious assessment has been made of market conditions for 2016. The Group expects to realise moderate growth in 2016. In Sweden, the primary growth area is implementation income for which already signed contracts with customers form the basis. Growth in the Danish company is primarily attributable to customer businesses' demand for outsourcing services and process-supporting tools. Sales of consultancy services underlies the growth of the Norwegian subsidiary.

An improved pre-tax profit is expected for 2016. Expectations are that the generation of earnings will improve because of continued focus on improving efficiency of the entire business in 2016. The expected revenue growth will also contribute positively.

Negative market developments compared to the expected scenario or failure to realise revenue growth or reductions in costs will have an adverse impact on expected growth and earnings performance.

Subsequent events

No events have occurred since the balance sheet date that would materially influence the evaluation of this annual report.

Management report

Particular risks

IT security and business continuity

As a technology business whose core services for customers are based on information technology, IT security, process safety and business continuity are crucial. This applies for both applications and production processes where quality assurance is the focal point. The Group requires a high level of security in own processes and in those of sub-contractors. Security is tested on a regular basis and verified through auditor's reports performed by companies specialised in IT security.

Market conditions and fluctuations

Demand for the Group's products and services is to some degree sensitive to economic developments as sales of payroll administration products are affected by the employment situation and the business climate in general. Risks are minimised by having a portfolio of products and services.

Financial risks

The Group has companies and activities in the Scandinavian countries and manages exposure to currency risk from the Scandinavian currencies and Euro as well as the interest rate risks related to the Group's net interest-bearing debt. Steps are taken to reduce credit risks from customers by having processes in place for rating major customers.

Knowledge resources

Bluegarden's business activities are based on in-depth knowledge of and expertise in software development, payroll and HR administration. The Group requires that staff in the development, sales and service functions hold strong skills and have solid experience in the fields of payroll and HR so that they are always able to put themselves in the customer's position and provide services matching their demands and expectations.

In recent years, Management has prioritised development of the employees' competencies in the agile development methodology throughout the Group and not just within IT development. In addition, focus has been on strengthening the employees' awareness of process optimisation to improve efficiency in their respective fields of responsibility and on how to create simple and effective solutions to the customers' needs.

Programmes for managers run continuously within situational leadership and coaching, as well personal development. Following recent years' efforts in the above development areas, the Group today has well motivated and competent employees who will be able to realise the Group's goals.

At year-end 2015, the headcount was 546 compared to 633 at year-end 2014.

Statutory report on corporate social responsibility

At Bluegarden we believe that we can develop a profitable business while also demonstrating corporate social responsibility (CSR). Bluegarden's CSR policy has been established to support profitable performance in the following areas:

- Labour
- Climate, environment and energy
- Requirements for subcontractors and business partners on labour, human rights and anti-corruption.

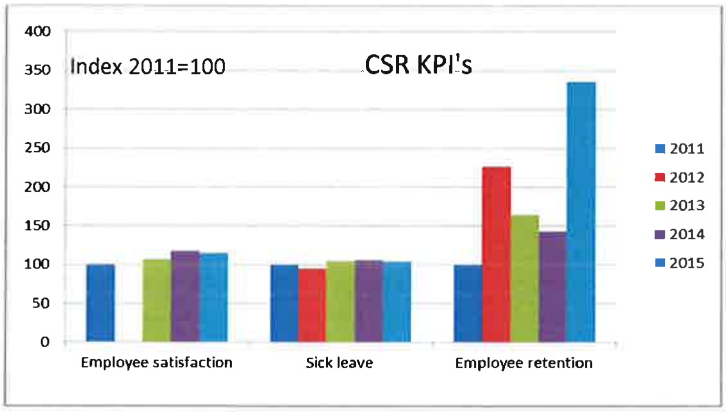
In our day-to-day operations, we pursue a CSR policy and support behaviors that are based on activities that also produce higher profitability for the Company and its business partners.

Labour

For our employees, we want to ensure:

- Healthy and safe working conditions
- Job satisfaction of the employees
- Opportunities for development and challenges
- Fair standard of salaries
- Equality and equal opportunities.

In addition these initiatives, employee involvement and competency development seek to keep employee satisfaction high, reduce staff turnover, reduce sickness absenteism and ensure diversity of staff mix.



Employee satisfaction is stable, however the small decline in 2015 is most likely due to the restructuring process completed in the same period as the survey was completed. Sickness absenteism remains at a stable, low level, while the negative development in staff turnover, particularly in 2012 and also in 2015, has been affected by organisational changes. Diversity has not been measured.

Climate, environment and energy

Based on having a generally profitable performance, Bluegarden is working on reducing its total CO2 emissions in accordance with the policy adopted.

Additionally Bluegarden makes an effort to help our customers reduce their consumption of paper by using electronic payslips and by providing an on-line storage feature that makes the large number of printouts superfluous for our customers.

The Group primarily emits CO2 in connection with car and air transport as well as electricity and heating in buildings. Guidelines have been implemented governing the selection of cars, the aim of which is to ensure an environmentally sustainable car pool. As for air transport, the policy is that, if possible, meetings are to be held as conference calls or video conferences. Effects of the actions have not been measured.

Requirements for subcontractors and business partners
Requirements regarding labour, human rights and anti-corruption must be incorporated in the standard terms and in the negotiations for contracts with subcontractors. This policy were in 2015 incorporated in the standard terms for new and renegotiated contracts with subcontractors.

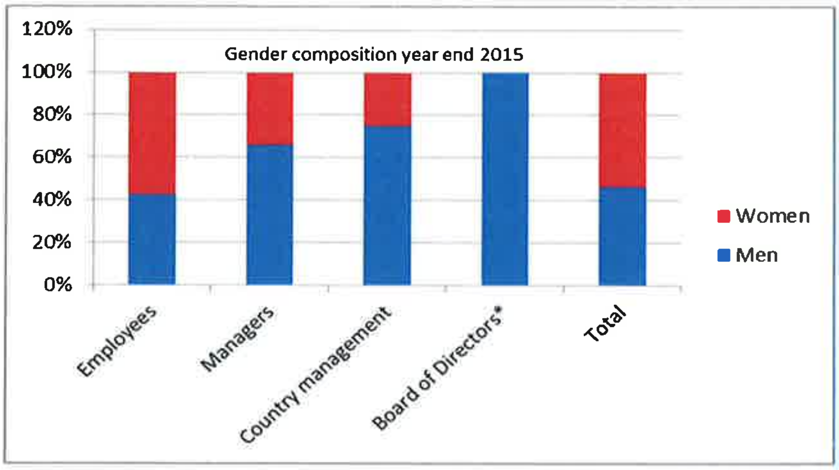
Report on gender composition of Management

The policy on equality stipulates that staff mix at all management levels should reflect the gender balance of the surrounding environment. Furthermore, equal rights requests staff to be respectful of the values of equality, mutual respect, cohesion and diversity.

The gender compositions objective is considered fulfilled when at least 30% at each staff group, or 20% in very small populations.

Through its recruiting activities, Bluegarden will ensure that both genders are represented in the selection of candidates. We want to promote an even gender balance in all job categories, however, without positive discrimination. All appointments will still be made based on an overall assessment of who is best suited for the job.

Gender distribution for 2015 is illustrated below. The objective has been fulfilled with respect to staff and executives/mid-level managers. Country management bodies and the Group Board of Directors, the Company still has a challenge in meeting the targets set, and this will be a focal point in future management changes.



*Elected at the General Meeting

Income statement 1 January - 31 December

	Note	Group		Parent company	
		2015	**2014**	**2015**	**2014**
		TDKK	TDKK	TDKK	TDKK
Revenue	1	**776.496**	**783.443**	**7.289**	**225.041**
Cost of sales		346.598	385.308	10.644	244.436
Gross profit		**429.898**	**398.135**	**-3.355**	**-19.395**
Research and development costs		185.337	160.796		
Sales and distribution costs		95.257	79.725	-	-
Administrative expenses		151.015	136.638	6.117	4.570
Profit from operations		**-1.711**	**20.976**	**-9.472**	**-23.965**
Share of profit after tax in subsidiaries	3	-	-	1.300	29.054
Financial income	4	1.434	701	2.812	1.326
Financial expenses	5	7.217	8.408	11.090	13.928
Profit before tax		**-7.494**	**13.269**	**-16.450**	**-7.512**
Tax on profit for the year	6	-4.818	-11.812	4.138	8.969
Profit for the year		**-12.312**	**1.457**	**-12.312**	**1.457**

Proposed distribution of profit

Dividend	-	-	-	-
Transferred to retained earnings	-12.312	1.457	-12.312	1.457
	-12.312	**1.457**	**-12.312**	**1.457**

Balance sheet 31 December

	Note	Group 2015 TDKK	Group 2014 TDKK	Parent company 2015 TDKK	Parent company 2014 TDKK
Completed development projects		93.595	88.018	-	15.565
Acquired software		1.139	2.459	-	-
Goodwill		78.604	91.677	-	-
Development projects in progress		14.131	23.785	-	-
Intangible assets	7	**187.469**	**205.939**	**-**	**15.565**
Other plant and equipment		1.954	2.560	-	-
Leasehold improvements		1.385	1.624	-	-
Tangible assets	8	**3.339**	**4.184**	**-**	**-**
Investment in subsidiaries	9	-	-	287.695	326.340
Other receivables	10	4.977	4.955	-	-
Financial assets		**4.977**	**4.955**	**287.695**	**326.340**
Total fixed assets		**195.785**	**215.078**	**287.695**	**341.905**
Stock		**123**	**185**		
Trade receivables		66.022	75.126	-	-
Contract work in progress	11	5.917	4.555	-	-
Receivables at affiliated companies		-	-	16.355	26.678
Other receivables		751	1.034	-	-
Deferred tax	13	7.722	8.191	-	-
Receivables joint tax contribution		-	-	11.016	23.270
Income tax receivable	6	-	-	-	-
Prepayments		22.865	26.480	3.086	13.378
Receivables		**103.277**	**115.386**	**30.456**	**63.326**
Cash		**59.277**	**1.464**	**4.332**	**368**
Total current assets		**162.677**	**117.035**	**34.788**	**63.693**
Total assets		**358.462**	**332.113**	**322.483**	**405.598**

Balance Sheet 31 December

	Note	Group 2015 TDKK	Group 2014 TDKK	Parent company 2015 TDKK	Parent company 2014 TDKK
Share capital		19.500	19.500	19.500	19.500
Retained earnings		32.007	44.719	32.007	44.719
Equity	12	**51.507**	**64.219**	**51.507**	**64.219**
Deferred tax	13	8.158	13.685	-	3.684
Provisions		6.826	4.696	-	-
Total provisions		**14.984**	**18.381**	**-**	**3.684**
Credit institutions	14	103.349	3.982	-	3.982
Payables to affiliated companies		-	-	-	28.000
Trade payables	14	-	251	-	-
Long term liabilities		103.349	4.233	-	31.982
Credit institutions	14	1.722	98.508	-	10.879
Trade payables		42.621	46.268	568	141
Prepayments received from customers	11	15.393	13.929	-	-
Payables to affiliated companies		417	-	264.533	252.112
Income tax	6	3.546	4.057	3.546	4.057
Other payables		124.923	82.518	2.329	38.525
Short term liabilities		**188.622**	**245.280**	**270.976**	**305.713**
Total liabilities other than provisions		**291.971**	**249.513**	**270.976**	**337.695**
Total equity, provisons and liabilities		**358.462**	**332.113**	**322.483**	**405.598**

Significant accounting estimates and judgements	2
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Fees to independent auditors	17
Related parties and ownership	18

Cash Flow statement 1 January - 31 December

	Note	Group 2015	Group 2014
		TDKK	TDKK
Profit from operations		-1.711	20.976
Adjustments		57.345	64.854
Changes in working capital		56.972	216
Cash from operating activities before financial items		**112.606**	**86.046**
Financial income received		1.434	701
Financial expenses paid		-7.217	-8.408
Income tax paid		-11.244	-13.393
Net cash from operating activities		**95.579**	**64.946**
Purchase of intangible fixed assets		-39.521	-41.654
Purchase of tangible fixed assets		-258	-1.884
Proceeds from sale of intangible and tangible fixed assets		-	-
Purchase/sale of financial assets		-22	-47
Net cash from investment activities		**-39.801**	**-43.585**
Loan at credit institutions		104.820	-
Repayment of loans to credit institutions		-102.785	-24.654
Repayment of other long term debt		-	-3.635
Redemption of interest swap		-	-
Net cash from financing activities		**2.035**	**-28.289**
Change in cash and cash equivalents		**57.813**	**-6.928**
Cash and cash equivalents at 1 January		1.464	8.392
Cash and cash equivalents 31 December		**59.277**	**1.464**
Cash and cash equivalents:			
Cash		59.277	1.464
Cash and cash equivalents 31 December		**59.277**	**1.464**

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Notes

1. Revenue

	Group		Parent company	
	2015	2014	2015	2014
	TDKK	TDKK	TDKK	TDKK
Revenue allocation by country				
Denmark	476.894	490.023	-	204.639
Sweden and Norway	299.602	293.420	7.289	20.402
	776.496	**783.443**	**7.289**	**225.041**
Revenue by type of service				
Salary handling and HR services	776.496	783.443	-	-
Other (reinvoicing of services to subsidiary)	-	-	7.289	225.041
	776.496	**783.443**	**7.289**	**225.041**

2. Significant accounting estimates and judgements

Significant accounting estimates and judgements

When preparing the annual report, management may be required to make estimates as many financial statement items cannot be measured with certainty. Such estimates comprise assessments based on the latest information available at the time of financial reporting. It may be necessary to change previous estimates because of changes in the factors underlying the estimate. Also, the value of assets and liabilities often depends on future events that are subject to some uncertainty. When making the determination, Management's assessment of the most likely outcome is used as a basis, however, such outcome is inherently uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unexpected events or circumstances may occur. Furthermore, the Company is exposed to normal business risks and uncertainties that may cause actual results to vary from those estimates.

Consequently, the budgets and forecasts forming the basis of the discounted cash flow calculations applied in the impairment tests of goodwill and development projects are subject to uncertainty. Changes in a downward direction in the assumptions underlying the impairment tests may lead to an indication of impairment of goodwill or proprietary software at a later point in time.

Goodwill

A review for impairment of recognised consolidated goodwill amounts requires a calculation of the values in use of the cash-generating units to which the goodwill amounts relate. The determination of the value in use requires an estimate of the expected future cash flows as well as determination of a fair discount rate. Due to the nature of the business, estimates are made of cash flows for many years ahead, which inherently results in some uncertainty. The budget for 2015 and the forecast for 2016-2017 have been approved by local management bodies and Group management. They include the effect of plans intended to ensure growth and efficiency improvement in the years ahead. The principal parameters used to determine the value of the Norwegian and Swedish subsidiaries are a discount rate of 9.1% (2014: 9.4%) and a long-term growth rate of 2% (2014: 2%).

The calculations made did not give rise to write-down of the carrying amount of goodwill.

Completed development projects

The Swedish product "HR-plus" is a significant intangible asset requiring review for impairment. The impairment test included expected selling prices, volumes and maintenance costs which are estimated to be realised over the systems' useful lives, including growth and efficiency improvement in the years ahead and expected costs of completion for non-completed development areas. The principal parameter used to calculate the value of completed development projects is a discount rate of 9.1% (2014: 9.4%). The calculation did not lead to any indication of impairment of HR-plus.

Significant assets within other proprietary systems and software acquired have also been reviewed for impairment but no need for write down has been identified

Notes

2. Significant accounting estimates and judgements (continued)

Tax

A management estimate is required in the assessment of whether or not to recognise deferred tax assets and liabilities. The Group recognises deferred tax assets when it is probable that they may be set off against future tax payments. At 31 December 2015, the net carrying amount of deferred tax assets and liabilities is negative by DKK 0,5m (a negative DKK 5m at 31 December 2014). The tax asset of DKK 8m (DKK 8m at 31 December 2014) relates to the recognised value of a tax loss and balances of fixed assets of the Norwegian subsidiary. The value of non-capitalised tax losses that may be used by the Norwegian and Swedish subsidiaries is DKK 61m.

	Group		Parent company	
	2015	**2014**	**2015**	**2014**
	TDKK	TDKK	TDKK	TDKK
3. Income from investment in subsidiaries				
Share of profit after tax in subsidiaries			12.529	40.187
Amortisation of goodwill			-11.229	-11.229
Change in intercompany profit on fixed assets traded within the Group			-	96
			1.300	**29.054**
4. Financial income				
Interest income from affiliated companies	-	-	1.416	1.130
Other financial income	296	146	244	42
Foreign exchange gain	1.138	555	1.152	154
	1.434	**701**	**2.812**	**1.326**
5. Financial expenses				
Interest expenses to affiliated companies	-	-	9.672	10.921
Other financial expenses	6.250	6.334	644	960
Foreign exchange loss	967	2.074	774	2.048
	7.217	**8.408**	**11.090**	**13.928**
6. Tax on profit for the year				
Tax for the period	10.546	15.057	-470	-8.213
Change in deferred tax	-5.221	-4.447	-3.658	-723
Prior year adjustment, tax payable	-99	67	16	10
Prior year adjustment, deferred tax	-101	1.406	-26	-
Adjustment of the tax rate	-307	-271	-	-43
	4.818	**11.812**	**-4.138**	**-8.969**
Tax payable				
Tax payable 1 January	-4.057	-2.326	-4.057	-2.326
Tax paid during the year	11.244	13.393	11.244	13.393
Tax for the period and previous years	-10.733	-15.124	-10.733	-15.124
	-3.546	**-4.057**	**-3.546**	**-4.057**
Tax paid during the year	11.244	13.393	11.244	13.393

Notes

7. Intangible assets

Group (TDKK)	Completed development projects	Acquired software	Goodwill	Development projects in progress
Cost at 1 January	481.318	91.152	321.217	23.785
Foreign exchange adjustment	571	-87	-	-588
Additions	-	400	-	38.330
Disposals	-206.964	-56.177	-	-
Transfers between asset groups	47.396	-	-	-47.396
Cost at 31 December	**322.321**	**35.288**	**321.217**	**14.131**
Amortisation and write down 1 January	393.300	88.693	229.540	-
Foreign exchange adjustment	246	-45	-	-
Write down	-	-	-	-
Amortisation	41.874	1.678	13.073	-
Disposals	-206.694	-56.177	-	-
Transfers between asset groups	-	-	-	-
Amortisation and write down 31 December	**228.726**	**34.149**	**242.613**	**-**
Carrying amount at 31 December	**93.595**	**1.139**	**78.604**	**14.131**

Parent company (TDKK)	Completed development projects	Acquired software
Cost at 1 January	221.353	21.764
Additions	-	-
Disposals	-221.353	-
Transfers between asset groups	-	-
Cost at 31 December	**-**	**21.764**
Amortisation and write down 1 january	205.789	21.764
Write down	-	-
Amortisation	-	-
Disposals	-205.789	-
Amortisation and write down 31 December	**-**	**21.764**
Carrying amount at 31 December	**-**	**-**

	Group		Parent company	
	2015	**2014**	**2015**	**2014**
	TDKK	TDKK	TDKK	TDKK
Amortisation and write down of intangible assets are included in the following cost groups:				
Cost of sales	11.360	11.794	-	-
Research and development costs	29.974	33.809	-	7.984
Sales and distribution costs	12.702	12.666	-	-
Administrative expenses	2.951	4.958	-	-
	56.987	**63.228**	**-**	**7.984**

Notes

8. Tangible assets

Group (TDKK)	Other plant and equipment	Leasehold improvements
Cost at 1 January	32.845	5.106
Foreign exchange adjustment	-205	-59
Additions	200	47
Disposals	-5.840	-
Transfers within asset groups	-	-
Cost at 31 December	27.000	5.094
Depreciation and write down 1 january	30.285	3.482
Foreign exchange adjustment	-253	-56
Depreciation	854	283
Disposals	-5.840	-
Depreciation and write down 31 December	25.046	3.709
Carrying amount at 31 December	**1.954**	**1.385**

	Group		Parent company	
	2015	**2014**	**2015**	**2014**
	TDKK	TDKK	TDKK	TDKK
Depreciation and write down of tangible assets are included in the following cost groups:				
Cost of sales	722	1.160		
Research and development costs	-	-		
Sales and distribution costs	37	72		
Administrative expenses	361	415		
	1.120	**1.646**	-	-

9. Investment in subsidiaries

	2015	2014
Cost 1 January	727.485	703.195
Addition	40.455	24.290
Cost 31 December	**767.940**	**727.485**
Value adjustment 1 January	-401.145	-348.214
Foreign exchange adjustment	-712	-2.019
Adjustment of hedge instruments at fair value at year end	312	34
Result of the year	12.529	40.283
Dividend	-80.000	-80.000
Amortisation goodwill	-11.229	-11.229
Value adjustment 31 December	**-480.245**	**-401.145**
Carrying amount at 31 December	**287.695**	**326.340**

The Group's subsidiaries at 31 December 2015

Name	Registered office	Share capital	Ownership interest	Currency	Equity	Result for the year
Bluegarden A/S	Ballerup, Denmark	10,0 MDKK	100%	TDKK	165.068	29.335
Bluegarden AS	Oslo, Norway	13,9 MNOK	100%	TNOK	31.614	-1.927
Bluegarden AB	Stockholm, Sweden	0,4 MSEK	100%	TSEK	43.943	-16.212

Notes

	Group 2015 TDKK	Group 2014 TDKK
10. Other financial assets		
Cost 1 January	4.955	4.908
Addition	22	47
Cost 31 December	**4.977**	**4.955**
Carrying amount at 31 December	**4.977**	**4.955**
11. Contract work in progress		
Sales value of contract work in progress	14.438	29.238
Payments on account	-8.521	-24.683
Contracts work in progress	**5.917**	**4.555**
Prepayments received	**15.393**	**13.929**

12. Equity

Group (TDKK)	Share capital	Retained earnings	Total
Equity 1 January	19.500	44.719	64.219
Exchange adjustment, foreign affiliates	-	-712	-712
Adjustment of hedge instruments at fair value at year end	-	312	312
Profit for the year	-	-12.312	-12.312
Equity 31 December	**19.500**	**32.007**	**51.507**

Parent company (TDKK)	Share capital	Retained earnings	Total
Equity 1 January	19.500	44.719	64.219
Exchange adjustment, foreign affiliates	-	-712	-712
Adjustment of hedge instruments at fair value at year end	-	312	312
Profit for the year	-	-12.312	-12.312
Equity 31 December	**19.500**	**32.007**	**51.507**

The share capital of TDKK 19.500 is split on shares of DKK 1 or multiples thereof.
No shares are awarded special rights.

There have been no changes to the share capital within the last 5 years except for the reduction of the capital and the subscription of capital at a premium in 2013.

Notes

13. Deferred tax

	Group 2015 TDKK	Group 2014 TDKK	Parent company 2015 TDKK	Parent company 2014 TDKK
Deferred tax at 1 January	5.494	8.173	3.684	4.450
Foreign exchange adjustment	469	619	-	-
Change in deferred tax	-5.221	-4.447	-3.658	-723
Deferred tax re adjustment of hedge instrument at fair value	-	14	-	-
Prior year adjustment, deferred tax	-	1.736	-26	-
Adjustment of the tax rate	-307	-601	-	-43
Deferred tax at 31 December	**435**	**5.494**	**-**	**3.684**

	Group 2015 TDKK	Group 2014 TDKK	Parent company 2015 TDKK	Parent company 2014 TDKK
Intangible assets	10.006	12.897	-	3.684
Tangible assets	-788	-897	-	-
Hedge instrument	-	-101	-	-
Provisions, deferred tax losses etc.	-8.782	-6.405	-	-
Transfered to deferred tax asset	7.722	8.191	-	-
Provisions for deferred tax	**8.158**	**13.685**	**0**	**3.684**

	Group 2015 TDKK	Group 2014 TDKK	Parent company 2015 TDKK	Parent company 2014 TDKK
Deferred tax asset	7.722	8.191	-	-
	7.722	**8.191**	**0**	**0**

The Group has a deferred tax asset of DKK 61m regarding tax losses, which has not been accounted for due to uncertainty about the future use.

Notes

14. Long term liabilities

	Group		Parent company	
	2015	2014	2015	2014
	TDKK	TDKK	TDKK	TDKK
Credit institutions				
Falling due within 2 to 5 years	7.480	3.982	-	3.982
Falling due after 5 years	95.869	-	-	-
Long term liabilities	103.349	3.982	-	3.982
Falling due within 1 year	1.722	9.000	-	9.000
Other short term debt to credit institutions	-	89.508	-	1.879
Short term liabilities	1.722	98.508	-	10.879
	105.071	**102.490**	**-**	**14.861**
Trade payables				
Falling due within 2 to 5 years	-	251		
Long term liabilities	-	251		
Falling due within 1 year	-	251		

15. Contingent liabilities and other financial obligations

Parent company
There are no leases or contractual obligations for the parent company.

Bluegarden Holding A/S is jointly liable the Group's loan and credit facilities together with the parent companies Team Siri Holding ApS and Team Siri ApS. The total debt as per 31 December 2015 amounted to 277 MDKK.

Bluegarden Holding A/S has issued financial guarantees for a number of customers in the subsidiaries.

Bluegarden Holding A/S is jointly liable for VAT and other public charges together with the common registered group companies. Since 2013 the company is liable for income tax for the companies within the joint taxation and since 1 July 2012 for possible obligations to withhold tax on interest, royalties and dividend.

As part of the Senior Facility Agreement with the banks the shares in Bluegarden Holding and the subsidaries have been pledged together with tangible assets, debtors and inventory in Bluegarden AS, Norway.

Group
Covering the years 2016-2019 the Group has entered leases regarding cars and office equipment at a total yearly expense of 5 MDKK.

The Group has property leases with a tenure from 6 months to 8 years. The costs for the Group in 2016 amount to 27 MDKK.

The Group has entered facility management agreements with a tenure up to 3 years and a cost in 2015 of 63 MDKK. Operation dependent variable costs will be added.

As part of the loan agreement for the Group the shares in Bluegarden Holding and the subsidaries have been pledged together with tangible assets, debtors and inventory in Bluegarden AS, Norway. The Group is subject to a number of covenants related to the loans from credit institutions.

Notes

	Group		Parent company	
	2015	**2014**	**2015**	**2014**
	TDKK	TDKK	TDKK	TDKK

16. Staff costs

Wages and salaries	377.372	310.456	903	182.154
Pensions	34.159	31.435	-	20.443
Social security costs	38.509	38.094	-	2.001
	450.040	**379.985**	**903**	**204.598**
Wages, salaries, pension and social security costs are expensed as:				
Costs of sales	184.131	176.281	-	203.482
Research and development costs	120.974	108.073	-	-
Sales and distribution costs	58.356	47.322	-	-
Administration costs	61.941	45.312	903	1.116
Capitalised own hours	24.638	20.218	-	-
	450.040	**397.206**	**903**	**204.598**
Fees to Management	13.679	5.895	13.679	5.895
Fees to Board of Directors	903	1.116	903	1.116
Fees to Management and Board of Directors	14.582	7.011	14.582	7.011

Fee to Management include severance costs for resigned director and remuneration in connection with the sale of the company in 2015.

Average number of employees	615	602	317	317

17. Fees to independent auditors

Audit fees	844	864	162	162
Other assurance engagements	0	0	-	-
Tax and VAT advice fees	243	72	20	20
Other service fees	62	78	-	-
	1.149	**1.014**	**182**	**182**

18. Related parties and ownership

Controlling interest and ownership

The shares in Bluegarden Holding A/S are owned by Team Siri Aps, and the ultimate owner is Marlin Ultimate GP,

Other related parties

Other related parties are the subsidiaries within the Bluegarden Group and the parent companies Team Siri ApS and Team Siri Holding ApS.

Accounting policies

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

The accounting policies applied are consistent with those applied last year. The income statement is presented according to the functional structure as in previous years, however research and development costs are now shown separately to improve transparency. Comparison figures have been adjusted.

Recognition and measurement

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

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

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

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

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

Consolidation policies

The consolidated financial statements comprise the Parent, Bluegarden Holding A/S, and the enterprises (group enterprises) that are controlled by the Parent.

Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising control.

The consolidated financial statements are prepared on the basis of the financial statements of Bluegarden Holding A/S and its subsidiaries. The consolidated financial statements are prepared combining uniform financial statement items. On consolidation, intra-group income and expenses, intra-group accounts and dividend as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' proportionate share of the profit/loss and the net assets are disclosed as separate items in the income statement and the balance sheet, respectively.

Investments in subsidiaries are offset at the proportionate share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Accounting policies

Business combinations

Newly acquired enterprises are recognised from the time of acquisition. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied in the acquisition of new enterprises, under which identifiable assets and liabilities of these newly acquired enterprises are measured at fair value at the acquisition date. On acquisition, provisions are made for costs relating to decided and published restructuring of the acquired enterprise. Allowance is made for the tax effect of the restatements made.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities acquired are recognised under intangible assets, and they are amortised systematically in the income statement based on an individual assessment of their useful lives, however, no more than 20 years. Negative differences in amount (negative goodwill), equalling an estimated adverse development of the relevant enterprises, are recognised in the balance sheet separately as deferred income, and in the income statement as such adverse development is realised.

Profit/loss from fixed asset divestments

Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment or winding-up, respectively, including any non-amortised goodwill and estimated selling or winding-up expenses.

Foreign currency translation

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

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

Accounting policies

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised in the balance sheet at cost, subsequently at fair value. Derivative financial instruments are recognised in other receivables or other payables.

Changes in the fair value of derivative financial statements classified as and complying with the requirements for hedging future transactions are taken directly to equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not qualify as hedging instruments, changes in fair market value are recognised currently in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue consists of invoiced sales, licencing income from standard software and fees etc from services sold if delivery has been made and risk has been transferred to the buyer before year-end and if the income can be determined reliably. License income from fixed-term contracts is recognised applying the straight-line method over the contract period. Revenue also includes non-invoiced sales which are recognised at the selling price of work completed based on the stage of completion at the balance sheet date (percentage of completion method).

Revenue is recognised net of VAT and duties and less sales discounts.

Cost of sales

Cost of sales include IT operations, software operating leases, external production costs, amortisation and depreciation, salaries and a share of indirect costs.

Research and development costs

Research and development costs comprise salaries, other staff related costs, external consultancy costs as well as amortisation of development costs capitalised and other costs directly and indirectly attributable to the research and delvelopment activitities.

Research and development costs are expensed in the year in which they incurred when they do not qualify for capitalisation.

Sales and distribution costs

Sales and distribution costs consist include sales commission, salaries, marketing, amortisation and depreciation and a share of indirect costs. Amortization of goodwill is allocated to sales and distribution costs.

Accounting policies

Administrative expenses

Administrative expenses consist of expenses related to the Group's administrative functions, including salaries, amortisation and depreciation and a share of indirect costs.

Profit/loss from investments in group enterprises

The proportionate share of the individual group enterprises' profit/loss after full elimination of intra-group profits/losses less or plus amortisation on consolidated goodwill or negative goodwill is recognised in the Parent's income statement.

Financial income and expenses

These items comprise interest income and interest expenses, realised and unrealised gains and losses from foreign currency transactions as well as tax surcharge and tax relief under the Danish Tax Prepayment Scheme.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to profit/loss for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The company is part of the joint taxation arrangement with Team Siri Holding ApS as the administration company. The current Danish income tax is allocated among the jointly taxed companies proportionately to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intangible assets

Goodwill

Goodwill is amortised over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Goodwill is amortised on a straight-line basis over the amortisation period, which is no more than 20 years and the longest for enterprises with a strong market position and a long-term earnings profile.

The carrying amount is reviewed annually for impairment in addition to that reflected through amortisation.

An impairment test is made in the event of indication of impairment. Write-down is made to the lower of recoverable amount and carrying amount.

Accounting policies

Other intangible assets

Other intangible assets include development projects in progress and completed development projects with related intellectual property rights as well as software.

Development project costs comprise salaries, amortisation and other expenses that are directly or indirectly attributable to development activities.

Development projects regarding new products and material improvements of functionalities and processes of existing systems and products are recognised as intangible assets. It is a requirement in this respect that the development projects are identifiable, that the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and that the intention is to manufacture, market or use the product or process in question. Other development costs are recognised as costs in the income statement as incurred.

Completed development projects are amortised on a straight-line basis over the estimated useful lives. The amortisation period is 2-7 years.

Uncompleted development projects are entered under projects in progress.

Software is recognised at historical cost less accumulated amortisation and any impairment losses. Amortisation is made on a straight-line basis over the estimated useful lives of the assets of no more than 10 years.

Other intangible assets are written down to the lower of recoverable amount and carrying amount.

Tangible assets

Tangible assets are measured at cost less accumulated depreciation.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Accounting policies

Tangible assets are depreciated on a straight-line basis applying their estimated useful lives. Their estimated useful lives are:

Buildings	35 years
Plants and equipment	3-5 years
Leasehold improvements	5-15 years

Profits and losses from the sale of tangible assets are calculated as the difference between selling price less selling costs and the carrying amount at the time of sale. Profits or losses are recognised in the income statement under other operating income or other operating expenses.

Impairment losses on fixed assets

The carrying amount is reviewed annually for impairment in addition to that reflected through depreciation. If any such indication exists, impairment tests are made of each asset and group of assets, respectively. Write-down is made to the lower of recoverable amount and carrying amount.

The recoverable amount is the higher of net selling price and value in use. Value in use is the present value of the estimated net income from using the asset or the group of assets.

Investments in subsidiaries

Investments in group enterprises are measured according to the equity method.

In the balance sheet, investments in group enterprises are measured at the proportionate share of the enterprises' equity value calculated applying the Parent's accounting policies less or plus unrealised intra-group profits/losses and non-amortised consolidated goodwill.

Group enterprises with a negative equity value are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity if it is deemed irrecoverable. If the negative equity value exceeds receivables, the remaining amount is recognised in provisions in so far as the Parent has a legal or constructive obligation to cover the negative balance of the enterprise.

Net revaluation of investments in group enterprises is taken to Reserve for net revaluation according to the equity method insofar as the carrying amount exceeds cost.

The purchase method is used in the acquisition of investments in subsidiaries.

Receivables

Receivables are measured at amortised cost, usually equalling the nominal amount. Write-down for bad and doubtful debts is made based on an assessment of the individual receivables.

Contract work in progress

Contract work in progress is measured at the selling price of work carried out at the balance sheet date. The selling price is measured based on the stage of completion and total estimated income from the individual contracts in progress.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Accounting policies

Prepayments

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

Provisions

Provisions for pension obligations cover pension obligations of some of the Group's foreign subsidiaries.

Once it is likely that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Deferred tax assets and liabilities

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

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

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

The Danish companies are jointly taxed and the Danish parent company is the management company. The current Danish corporation tax is divided between the companies in proportion to their taxable income (full allocation with refunds for tax losses).

Current tax receivables and tax liabilities

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

Financial liabilities

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions and are measured, at the time of inception of the lease, at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between the present value and the nominal value of the lease payments is recognised in the income statement as a financial expense.

Other liabilities are measured at amortised cost, usually equalling the nominal amount.

Prepayments received

Prepayment received include payments received relating to income in subsequent financial years. Such items are measured at cost.

Dividend

Dividends are recognised as a liability at the time of adoption at the general meeting. Proposed dividends for the financial year are disclosed as a separate item in equity.

Accounting policies

Cash flow statement

The cash flow statement of the Group is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as the Group's cash and cash equivalents at the beginning and end of the financial year. No separate cash flow statement has been prepared for the Parent as it is included in the cash flow statement of the Group.

Cash flows from acquired and divested enterprises are shown as separate line-items within cash flows from investing activities. Cash flows from enterprises acquired are recognised in the cash flow statement from the time of their acquisition, and cash flows from enterprises divested are recognised up to the time of sale.

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

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

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

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

Financial highlights
The ratios and figures shown in the statement of financial highlights and key figures are calculated as follows:

Gross margin	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit/loss before financial income and expenses x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss before financial income and expenses x 100}}{\text{Total assets}}$
Equity ratio	$\frac{\text{Equity at year-end x 100}}{\text{Total assets}}$
Return on equity	$\frac{\text{Profit/loss from ordinary activities after tax x 100}}{\text{Average equity}}$