Gavdi Group A/S

Gyngemose Parkvej 50, 2860 Søborg

CVR no. 29 79 96 44

Annual report 2015

Approved at the annual general meeting of shareholders on 31 May 2016

Chairman:

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Jeffrey Bruun

Building a better
working world

Contents

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 Gavdi Group A/S for the financial year 1 January - 31 December 2015.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2015 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 January - 31 December 2015.

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

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

Copenhagen, 31 May 2016
Executive Board:

Søren Koppelhus	Jeffrey Bruun

Board of Directors:

Michael Koppelhus Chairman	Lars Steffen Knudsen	Søren Koppelhus

Independent auditors' report

To the shareholders of Gavdi Group 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 Gavdi Group A/S for the financial year 1 January - 31 December 2015, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies for the group as well as the company, and a cash flow statement for the group. The consolidated financial statements and the 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 according to Danish audit regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 the 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 the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors considers 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 the consolidated financial statements and the 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 the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2015 and of the results of the Group's and the Company's operations, and the consolidated cash flow for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Independent auditors' report

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 other procedures in addition to the audit of the 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, 31 May 2016
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR No. 30 70 02 28

Mogens Andreasen
State Authorised Public Accountant

Peter Jensen
State Authorised Public Accountant

Management's review

Name Address, Postal code, City	Gavdi Group A/S Gyngemose Parkvej 50, 2860 Søborg
CVR No.	29 79 96 44
Website E-mail	www.gavdi.com info@gavdi.com
Telephone	+45 33 91 29 29
Board of Directors	Michael Koppelhus, Chairman Lars Steffen Knudsen Søren Koppelhus
Executive Board	Søren Koppelhus Jeffrey Bruun
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P O Box 250, 2000 Frederiksberg, Denmark

Management's review

Financial highlights for the Group

DKK'000	2015	2014	2013	2012	2011
Key figures					
Revenue	204,677	185,495	177,255	188,324	163,915
Operating profit/loss	2,367	7,009	-3,121	-200	1,938
Net financials	564	601	941	794	1,034
Profit/loss for the year	1,908	5,154	-3,428	-753	953
Total assets	113,915	114,548	100,675	104,100	105,417
Investment in property, plant and equipment	1,476	2,994	1,202	1,857	1,338
Equity	41,190	40,739	37,575	42,038	43,129
Financial ratios					
Operating margin	1.2%	3.8%	-1.8%	-0.1 %	1.2 %
Return on assets	2.1%	6.5%	-3.0%	-0.2%	1.8%
Current ratio	167.4%	158.2%	156.8%	161.8%	159.4%
Solvency ratio	36.2%	35.6%	37.3%	40.4%	40.9%
Return on equity	4.7%	13.2%	-8.6%	-1.8%	2.2%
Average number of employees	226	182	169	176	165

Management's review

Operating review

The Group's business review

Gavdi Group A/S is the holding company of the Gavdi Group's Danish and foreign companies.

The Gavdi companies supply SAP and SuccessFactors consultancy services and solutions focusing on the Human Capital, Management and Technology areas.

Gavdi Group A/S has majority interests in the following entities:

- Gavdi A/S
- Gavdi Solutions A/S
- Gavdi Polska SA
- Gavdi Sverige AB
- Gavdi Norge A/S
- Gavdi Finland OY
- Gavdi Deutschland GmbH
- Gavdi Mitarbeiter gesellshaft UG
- Gavdi UK Ltd.
- Gavdi MEA FZ-LLC
- Gavdi France SA S
- Gavdi België BV BA
- Gavdi Ireland Limited (from 2016)

In addition, the group has a minority interest in Init Incentive ApS.

Financial review

Parent

Management finds the results of 2015, which essentially reflect a positive development in the value of the company's equity investments in group entities, not satisfactory. This is mainly based on an general decrease in results for most of the Group companies with the exception of Gavdi Polska SA, Gavdi Finland OY and Gavdi België BV BA (first year in business) contributed with an aggregated net profit of DKK 4,593 thousand.

Group

In 2015, the group's revenue came in at DKK 204,677,393 against DKK 185,495,153 last year. The income statement for 2015 shows a profit of DKK 281,238 against a profit of DKK 3,537,751 last year, and the balance sheet at 31 December 2015 shows equity of DKK 41,189,899.

Operating review

Market development especially in the 2nd half year of 2015 has taken a negative turn and has effected financial performance of most of the Group entities. This combine with continues investment in developing Gavdi's footprint in the market has prolong the development against more profitability. Revenue is still increasing and this year by 10,3%. EBIT has gone down from DKK 7,0 million to DKK 2,4 million and a EBIT ratio of 1.2%. Management is satisfied with the financial performance in terms of revenue growth but not the EBIT results. However, three entities stands out with a very positive development and ability in 2015 to work against the general market trends this is Gavdi Polska SA, Gavdi Finland OY and Gavdi België BV BA (first year in business).

Gavdi has in 2015 invested in further product development via Gavdi Solutions A/S. The product portfolio is aligned with the future SAP development platform - Hana Cloud Platform (HCP) - and the plan is to release several add-on solution to SuccessFactors during Q2 and Q3 in 2016.

Management's review

Operating review

Knowledge resources

Gavdi Group has invested heavily in training and upskilling of resources. By end of 2015 Gavdi have built the largest SuccessFactors practice in Europe with more than 50 certified SuccessFactors consultants. Gavdi will continue this during 2016 and expect to have more than 100 certified SuccessFactors consultants, thereby taking a clear leadership in Europe if not globally.

Impact on the external environment

The group does not impact the external environment significantly.

Post balance sheet events

No events have occurred after the financial year-end which could significantly affect the company's or the group's financial position at 31 December 2015.

Outlook

Gavdi will during 2016 release their Rapid Deployment Solution for SuccessFactors. Combined with the commercial model Gavdi All-In, combining subscription, implementation and support in one simply Price Per User Per Month Model (PEPM), should accelerate both revenue and earnings.
This combined with establishment of a near-shore delivery center in Lisbon and off-shore center in Manilla, should allow Gavdi to grow revenue with the current European staffing and thereby secure higher profitability.

According to management, the group is not exposed to any risks other than those that are usual for the sector. The group has a moderate currency exposure, but as this is mainly related to currencies that are pegged to the euro, management does not find additional hedging required.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Income statement

Note	DKK	Group 2015	Group 2014	Parent company 2015	Parent company 2014
	Revenue	204,677,393	185,495,153	0	0
	Other operating income	72,838	0	0	0
	Other external expenses	-55,342,757	-56,121,082	-7,818	-85,130
	Gross profit/loss	149,407,474	129,374,071	-7,818	-85,130
2	Staff costs	-140,679,575	-116,168,839	0	0
3	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-6,361,355	-6,195,787	-137,531	-137,529
	Operating profit/loss	2,366,544	7,009,445	-145,349	-222,659
	Income from investments in group entities	0	0	296,292	3,442,491
	Income from investments in associates	-12,690	-30,779	170,647	323,517
4	Financial income	2,156,425	1,942,914	709,621	650,755
5	Financial expenses	-1,592,153	-1,341,450	-764,770	-685,795
	Profit before tax	2,918,126	7,580,130	266,441	3,508,309
6	Tax for the year	-1,009,714	-2,426,353	14,797	29,442
	Profit for the year	1,908,412	5,153,777	281,238	3,537,751
	Minority interests' in the profit or loss for the year	-1,627,174	-1,616,026	0	0
	Profit for the year after non-controlling interests	281,238	3,537,751	281,238	3,537,751

	Parent company 2015	Parent company 2014
Proposed profit appropriation		
Retained earnings	281,238	3,537,751
	281,238	3,537,751

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	Group 2015	Group 2014	Parent company 2015	Parent company 2014
	ASSETS				
	Non-current assets				
7	Intangible assets				
	Completed development projects	7,971,594	9,457,541	0	0
	Goodwill	3,145,920	3,439,035	103,272	240,803
		11,117,514	12,896,576	103,272	240,803
8	Property, plant and equipment				
	Other fixtures and fittings, tools and equipment	4,001,511	4,291,318	0	0
		4,001,511	4,291,318	0	0
9	Investments				
	Investments in group entities, net asset value	0	0	44,714,193	43,172,853
	Receivables from group entities	0	0	2,253,772	1,736,456
	Investments in associates, net asset value	143,948	166,712	4,887,640	4,561,531
	Other receivables	616,265	851,207	0	0
		760,213	1,017,919	51,855,605	49,470,840
	Total non-current assets	15,879,238	18,205,813	51,958,877	49,711,643
	Current assets				
	Receivables				
	Trade receivables	42,784,417	40,404,185	0	0
	Work in progress for third parties	4,905,868	4,061,689	0	0
	Receivables from group entities	37,402,881	35,757,595	12,998,653	11,871,586
	Income taxes receivable	0	0	14,797	18,317
	Other receivables	2,423,692	1,114,632	0	185,215
10	Prepayments	1,058,939	2,421,469	0	0
		88,575,797	83,759,570	13,013,450	12,075,118
	Cash	9,460,101	12,581,947	351,346	269,376
	Total current assets	98,035,898	96,341,517	13,364,796	12,344,494
	TOTAL ASSETS	113,915,136	114,547,330	65,323,673	62,056,137

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Balance sheet

		Group		Parent company	
Note	DKK	2015	2014	2015	2014
	EQUITY AND LIABILITIES				
	Equity				
11	Share capital	501,000	501,000	501,000	501,000
	Retained earnings	40,688,899	40,237,971	40,688,899	40,237,971
	Total equity	41,189,899	40,738,971	41,189,899	40,738,971
	Non-controlling interests	11,834,193	10,222,606		
	Provisions				
	Deferred tax	1,954,021	2,344,036	0	0
12	Total provisions	1,954,021	2,344,036	0	0
	Liabilities other than provisions				
13	Non-current liabilities other than provisions				
	Other credit institutions	357,361	329,300	0	0
		357,361	329,300	0	0
	Current liabilities other than provisions				
13	Current portion of long-term liabilities	162,000	110,481	0	0
	Other credit institutions	9,559,692	11,696,152	0	0
	Trade payables	7,041,761	6,978,354	40,667	50,468
	Payables to group entities	0	1,163,349	24,093,107	21,266,698
	Payables to associates	1,122,606	1,072,231	0	0
	Income taxes payable	674,606	745,724	0	0
	Other payables	31,823,504	32,286,111	0	0
14	Deferred income	8,195,493	6,860,015	0	0
		58,579,662	60,912,417	24,133,774	21,317,166
	Total liabilities other than provisions	58,937,023	61,241,717	24,133,774	21,317,166
	TOTAL EQUITY AND LIABILITIES	113,915,136	114,547,330	65,323,673	62,056,137

1 Accounting policies
15 Collateral
16 Contractual obligations and contingencies, etc.
17 Related parties

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Statement of changes in equity

	Group		
DKK	Share capital	Retained earnings	Total
Equity at 1 January 2014	501,000	37,074,048	37,575,048
Profit/loss for the year	0	3,537,751	3,537,751
Exchange adjustment	0	-373,828	-373,828
Equity at 1 January 2015	501,000	40,237,971	40,738,971
Profit/loss for the year	0	281,238	281,238
Exchange adjustment	0	169,690	169,690
Equity at 31 December 2015	501,000	40,688,899	41,189,899

	Parent company		
DKK	Share capital	Retained earnings	Total
Equity at 1 January 2014	501,000	37,074,048	37,575,048
Profit/loss for the year	0	3,537,751	3,537,751
Exchange adjustment	0	-373,828	-373,828
Equity at 1 January 2015	501,000	40,237,971	40,738,971
Profit/loss for the year	0	281,238	281,238
Exchange adjustment	0	169,690	169,690
Equity at 31 December 2015	501,000	40,688,899	41,189,899

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Cash flow statement

Notes	DKK	Group 2015	Group 2014
	Profit for the year	1,908,412	5,153,777
18	Adjustments	6,794,106	8,051,455
	Cash generated from operations (operating activities)	8,702,518	13,205,232
19	Changes in working capital	-4,884,466	-622,225
	Cash generated from operations (operating activities)	3,818,052	12,583,007
	Interest received, etc.	2,156,425	165,914
	Interest paid, etc.	-1,592,153	-1,341,450
	Income taxes paid	-1,495,674	-391,491
	Cash flows from operating activities	2,886,650	11,015,980
	Additions of intangible assets	-2,478,404	-3,273,894
	Additions of property, plant and equipment	-1,475,974	-2,993,805
	Disposals of property, plant and equipment	234,942	0
	Purchase of financial assets	-203,541	-1,091,731
	Sale of financial assets	0	622,544
	Cash flows from investing activities	-3,922,977	-6,736,886
	Dividends distributed	-443,544	-752,956
	Proceeds of long-term liabilities	79,850	439,781
	Repayments, debt to credit institutions	-2,136,460	-36,538
	Cash flows from financing activities	-2,500,154	-349,713
	Net cash flow	-3,536,481	3,929,381
	Cash and cash equivalents at 1 January	12,581,947	8,815,910
	Foreign exchange adjustments	414,635	-163,344
20	Cash and cash equivalents at 31 December	9,460,101	12,581,947

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Gavdi Group A/S for 2015 has been presented in accordance with the provisions of the Danish Financial Statements Act as regards medium-sized reporting class C enterprises.

The accounting policies applied by the company are consistent with those of last year.

Consolidation

The consolidated financial statements comprise the parent, Gavdi Group A/S, and entities controlled by the parent. Control is presumed to exist when the parent owns, directly or indirectly, more than half of the voting power of an entity. Control may also exist by virtue of an agreement or articles of association or when the parent otherwise has a controlling interest in the subsidiary or actually exercises controlling influence over it.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether control exists.

The consolidated entities' financial statements are prepared in accordance with the accounting policies applied by the parent. The consolidated financial statements are prepared on the basis of the financial statements of the consolidated entities by adding together like items. Intra-group income, expenses, gains, losses, investments, dividends and balances are eliminated. Investments in consolidated entities are set off by the parent's proportionate share of the consolidated entity's fair value of assets and liabilities at the time of acquisition.

Recently acquired or sold subsidiaries are recognised in the consolidated income statement for the period in which the parent controls such entities. Comparative figures are not restated for recently acquired or sold entities.

The purchase method of accounting is applied to the acquisition of subsidiaries. The cost is made up at the net present value of the consideration agreed plus directly attributable expenses. Conditional payments are recognised at the amount expected to be paid. Identifiable assets and liabilities in the acquired entities are recognised at the fair value at the time of acquisition. Provisions for restructuring expenses relating to the acquired entity are recognised if the restructuring has been decided at the time of acquisition. Allowance is made for the tax effect of revaluations of assets and liabilities. Any residual difference between the cost and the group's share of the fair value of the identifiable assets and liabilities is recognised as goodwill or negative goodwill.

Entities over which the group exercises significant influence are considered associates. Significant influence is presumed to exist when the group directly or indirectly holds between 20% and 50% of the voting rights or otherwise has or actually exercises significant influence. Associates are recognised in the consolidated financial statements at their net asset value.

Entities managed jointly with other entities are consolidated in the consolidated financial statements on a pro rata basis using the same methods as apply to the consolidation of group entities.

Minority interests

Accounting items attributable to subsidiaries are recognised in full in the consolidated financial statements. Minority interests' share of subsidiaries' profit or loss for the year and equity is recognised as separate items in the income statement and the balance sheet.

Differences between remuneration and the carrying amount in connection with the acquisition of further minority interests are recognised as goodwill.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Foreign currency translation

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

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

Foreign group entities

Foreign subsidiaries and associates are considered separate enterprises. Items in such enterprises' income statements are translated at the average exchange rates for the month, and their balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of such enterprises at the exchange rates at the balance sheet date and on translation of the income statements from the average exchange rates at the transaction date to closing.

Leases

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other leases are disclosed under contingencies, etc.

Income statement

Revenue

Income from the supply of services is recognised as revenue with reference to the stage of completion.

Licence and royalty income is recognised over the term of the agreement in accordance with the contents of the agreement.

Revenue from time-limited software licences is accrued and recognised on a straight-line basis over the term of the licence according to the licence agreement in question.

Sale of indefinite software licences is recognised as sale of goods whereby revenue is recognised when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received.

Revenue is measured at fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Other operating income

Other operating income comprise items of a secondary nature relative to the entity's core activities, including gains or losses on the sale of non-current assets.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Other external expenses

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

Staff costs

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

Amortisation/depreciation and impairment of intangible assets and property, plant and equipment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

The cost net of the expected residual value of completed development projects is amortised over the expected useful life.

Goodwill is amortised over the expected economic life, measured by reference to an assessment of, among other factors, the nature, earnings and market position of the acquired entity as well as the stability of the industry and the dependence on key staff.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Completed development projects	5-9 years
Goodwill	5-10 years

Goodwill is amortised over more than 5 years becasuse Management expects the earnings potential of the investment to have a longer economic useful life as it is a strategic investment.

The amortisation period for development projects exceeds five years because the investment in question is of strategic importance and should be viewed in a long-term perspective.

Property, plant and equipment are depreciated on a straight-line bases over the expected useful life of each individual asset. The depreciation basis is the cost plus revaluations and less expected residual value.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Other fixtures and fittings, tools and equipment	2-5 years

Income from investments in group entities and associates

The item includes the entity's proportionate share of the profit/loss for the year in subsidiaries and associates after elimination of intra-group income or losses and net of amortisation and impairment of goodwill and other excess values at the time of acquisition.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the reporting period. Net financials include interest income and expenses, realised and unrealised capital and exchange gains and losses on securities and foreign currency transactions and allowances under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

Goodwill is measured at cost less accumulated amortisation and impairment losses.

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

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 5 years and cannot exceed 9 years.

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining term of the patent, and licences are amortised over the term of the licence.

Gains and losses on the sale of intangible assets are recognised in the income statement under 'Other operating income' or 'Other operating expenses', respectively. Gains and losses are calculated by reference to the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Property, plant and equipment

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

Gains or losses are made up as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating costs.

Investments in group entities and associates

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

Enterprises acquired or formed during the year are recognised in the financial statements from the date of acquisition or formation. Enterprises disposed of are recognised up to the date of disposal.

Acquisitions of new subsidiaries and associates are accounted for using the purchase method, according to which the assets and liabilities acquired are measured at their fair values at the date of acquisition. Provision is made for costs related to adopted plans to restructure the acquired enterprise in connection with the acquisition. The tax effect of revaluations made is taken into account.

Gains or losses on disposal of subsidiaries and associates are made up as the difference between the sales price and the carrying amount of net assets at the date of disposal plus non-amortised goodwill and anticipated selling costs. Gains or losses are recognised in the income statement as financial income or financial expenses.

Impairment of non-current assets

Intangible assets, property, plant and equipment and investments in subsidiaries and associates are subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation. Impairment tests are conducted in respect of individual assets or groups of assets generating separate cash flows when there is indications of impairment. The assets are written down to the higher of the value in use and net realisable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount. As for group of assets, impairment losses are first recognised in respect of goodwill and thereafter proportionately in respect of the other assets.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

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

Receivables with no objective indication of individual impairment are tested for objective indication of impairment on a portfolio basis. The portfolios are primarily composed on the basis of debtors' domicile and credit ratings in accordance with the Company's risk management policy. The objective indicators used for portfolios are determined based on historical loss experience.

Write-downs are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Work in progress for third parties

Ongoing service supplies and work in progress for third parties are measured at the market value of the work performed less advances received. The market value is calculated on the basis of the percentage of completion at the balance sheet date and the total expected income from the relevant contract. The percentage of completion is made up based on costs incurred relative to the expected, total expenses on each individual work in progress.

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

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

The value of each contract in progress less prepayments is classified as assets when the market value exceeds prepayments and as liabilities when prepayments exceeds the market value.

Prepayments

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

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities which are subject to an insignificant risk of changes in value.

Equity

Proposed dividends

Dividends proposed for the financial year are presented as a separate item under 'Equity'.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Corporation tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

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

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Deferred income

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

Cash flow statement

The cash flow statement shows the entity's net cash flows, broken down by operating, investing and financing activities, the year's changes in cash and cash equivalents and the entity's cash and cash equivalents at the beginning and the end of the year.

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

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

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

Cash and cash equivalents comprise cash, short-term bank loans and short-term marketable securities which are subject to an insignificant risk of changes in value.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Operating margin	$\frac{\text{Operating profit x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss from operating activities}}{\text{Average assets x 100}}$
Current ratio	$\frac{\text{Current assets x 100}}{\text{Current liabilities}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax x 100}}{\text{Average equity}}$

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

		Group		Parent company	
	DKK	2015	2014	2015	2014
2	Staff costs				
	Wages/salaries	124,738,781	103,577,105	0	0
	Pensions	6,993,240	6,890,439	0	0
	Other social security costs	7,669,854	4,325,757	0	0
	Other staff costs	1,277,700	1,375,538	0	0
		140,679,575	116,168,839	0	0
	Average number of full-time employees	226	182	0	0

Remuneration to members of management:

Group

Total remuneration to group management : DKK 5,200,737 (2014: DKK 4,316,184).

		Group		Parent company	
	DKK	2015	2014	2015	2014
3	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment				
	Amortisation of intangible assets	4,724,240	4,736,343	137,531	137,529
	Depreciation of property, plant and equipment	1,637,115	1,459,444	0	0
		6,361,355	6,195,787	137,531	137,529
4	Financial income				
	Interest receivable, group entities	1,933,000	1,777,000	709,621	643,957
	Other financial income	223,425	165,914	0	6,798
		2,156,425	1,942,914	709,621	650,755
5	Financial expenses				
	Interest expenses, group entities	28,000	76,000	764,000	685,795
	Other financial expenses	1,564,153	1,265,450	770	0
		1,592,153	1,341,450	764,770	685,795

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

		Group		Parent company	
	DKK	2015	2014	2015	2014
6	Tax for the year				
	Estimated tax charge for the year	1,424,556	990,753	-14,797	-18,317
	Deferred tax adjustments in the year	-414,842	1,435,600	0	-11,125
		1,009,714	2,426,353	-14,797	-29,442

7 Intangible assets

	Group		
DKK	Completed development projects	Goodwill	Total
Cost at 1 January 2015	28,935,489	6,462,627	35,398,116
Additions in the year	2,478,404	466,774	2,945,178
Cost at 31 December 2015	31,413,893	6,929,401	38,343,294
Impairment losses and amortisation at 1 January 2015	19,477,948	3,023,592	22,501,540
Amortisation in the year	3,964,351	759,889	4,724,240
Impairment losses and amortisation at 31 December 2015	23,442,299	3,783,481	27,225,780
Carrying amount at 31 December 2015	7,971,594	3,145,920	11,117,514

	Parent company		
DKK	Completed development projects	Goodwill	Total
Cost at 1 January 2015	3,706,063	554,760	4,260,823
Cost at 31 December 2015	3,706,063	554,760	4,260,823
Impairment losses and amortisation at 1 January 2015	3,706,063	313,957	4,020,020
Amortisation in the year	0	137,531	137,531
Impairment losses and amortisation at 31 December 2015	3,706,063	451,488	4,157,551
Carrying amount at 31 December 2015	0	103,272	103,272

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

8 Property, plant and equipment

DKK	Group Other fixtures and fittings, tools and equipment
Cost at 1 January 2015	11,972,277
Exchange adjustment	72,162
Additions in the year	1,642,974
Disposals in the year	-907,998
Cost at 31 December 2015	12,779,415
Impairment losses and depreciation at 1 January 2015	7,680,959
Exchange adjustment	72,468
Depreciation in the year	1,637,115
Reversal of depreciation and impairment of disposals	-612,638
Impairment losses and depreciation at 31 December 2015	8,777,904
Carrying amount at 31 December 2015	4,001,511

9 Investments

	Group			
DKK	Receivables from group entities	Investments in associates, net asset value	Other receivables	I alt
Cost at 1 January 2015	0	341,993	851,207	1,193,200
Disposals in the year	0	0	-234,942	-234,942
Cost at 31 December 2015	0	341,993	616,265	958,258
Value adjustments at 1 January 2015	0	-175,281	0	-175,281
Share of the profit/loss for the year	0	11,435	0	11,435
Other adjustments, investments	0	-34,199	0	-34,199
Impairment losses	-517,316	0	0	-517,316
Reversal of prior year impairment losses	517,316	0	0	517,316
Value adjustments at 31 December 2015	0	-198,045	0	-198,045
Carrying amount at 31 December 2015	0	143,948	616,265	760,213

The carrying amount of associates comprises a share of the entities' net asset value, DKK 78 thousand, and goodwill at a carrying amount of DKK 66 thousand.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

	Parent company			
DKK	Investments in group entities, net asset value	Receivables from group entities	Investments in associates, net asset value	I alt
Cost at 1 January 2015	30,185,005	8,717,794	3,010,146	41,912,945
Disposals in the year	48,079	0	155,462	203,541
Cost at 31 December 2015	30,233,084	8,717,794	3,165,608	42,116,486
Value adjustments at 1 January 2015	12,987,848	-6,981,338	1,551,385	7,557,895
Exchange adjustment	169,690	0	0	169,690
Dividend distributed	-480,505	0	0	-480,505
Share of the profit/loss for the year	918,830	0	194,772	1,113,602
Other adjustments, investments	885,246	0	-24,125	861,121
Reversal of prior year impairment losses	0	517,316	0	517,316
Value adjustments at 31 December 2015	14,481,109	-6,464,022	1,722,032	9,739,119
Carrying amount at 31 December 2015	44,714,193	2,253,772	4,887,640	51,855,605

The carrying amount of group entities comprises a share of the entities' net asset value, DKK 41,672 thousand, and goodwill at a carrying amount of DKK 3,042 thousand.

Of the total carrying amount, negative net assets in group entities, DKK 13,671 thousand, have been set off against receivables as current assets and DKK 6,464 thousand have been set off against receivables as non-current assets.

The carrying amount of associates comprises a share of the entities' net asset value, DKK 4,822 thousand, and goodwill at a carrying amount of DKK 66 thousand.

	Legal form	Domicile	Interest
Subsidiaries			
Gavdi A/S	A/S	Gladsaxe, DK	83.00 %
Gavdi Solutions A/S	A/S	Gladsaxe, DK	100.00 %
Gavdi Norge AS	AS	Oslo, NO	100.00 %
Gavdi Sverige AB	AB	Kista, SE	72.00 %
Gavdi Polska S.A	S.A	Warszawa, PL	52.00 %
Gavdi Finland Oy	Oy	Espoo, FI	100.00 %
Gavdi UK Ltd.	Ltd.	London, UK	100.00 %
Gavdi Deutschland GmbH	GmbH	Walldorf, DE	91.00 %
Gavdi Mietarbeitergesellshaft UG	UG	Walldorf, DE	100.00 %
Gavdi MEA FZ-LLC	FZ-LLC	Dubai, UAE	100.00 %
Gavdi France SAS	SAS	Paris, France	50.05 %
Gavdi Belgie BVBA	BVBA	Herentals, BE	100.00 %

	Legal form	Domicile	Interest
Associates			
Init Incentive ApS	ApS	Gladsaxe	43.50 %

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

10 Prepayments

Group

Prepayments include accrual of expenses relating to subsequent financial years, including insurance, lease payments, etc.

DKK	Parent company 2015	Parent company 2014
11 Share capital		
The share capital consists of the following:		
30,000,000 A shares of DKK 0.01 each	300,000	300,000
20,100,000 B shares of DKK 0.01 each	201,000	201,000
	501,000	501,000

Analysis of changes in the share capital over the past 5 years:

DKK	2015	2014	2013	2012	2011
Opening balance	501,000	501,000	501,000	500,000	500,000
Capital increase	0	0	0	1,000	0
	501,000	501,000	501,000	501,000	500,000

12 Provisions

Group

The provision for deferred tax primarily relates to timing differences in respect of intangible assets and property, plant and equipment as well as tax allocations in Gavdi Sverige AB.

Parent company

13 Long-term liabilities

	Group			
DKK	Total debt at 31/12 2015	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Other credit institutions	519,361	162,000	357,361	0
	519,361	162,000	357,361	0

14 Deferred income

Group

Deferred income comprises advance billings to customers.

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Notes to the financial statements

15 Collateral

Group

As security for bank debt, DKK 8,558,173, the Company has granted a charge on assets representing a nominal value of DKK 12,000,000. The charge comprises trade receivables at a carrying amount of DKK 18,890,200. Further, a charge on property, plant and equipment has been granted representing a nominal value of DKK 1,854,105 at a carrying amount of DKK 1,164,159.

Bank guarantees totalling DKK 683,214 have been put up as security for group entities.

As security for long-term liabilities, the Group has granted a charge on non-current assets at a carrying amount of DKK 519,161.

Parent company

The parent company has issued a guarantee as security for the bank debt in Gavdi A/S. For that purpose, shares in subsidiaries and associates in the following companies are charged:

- Gavdi A/S
- Gavdi Solutions A/S
- Init Incentive ApS

16 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

	Group		Parent company	
DKK	2015	2014	2015	2014
Rent and lease liabilities	4,675,850	1,667,874	41,250	129,673

Parent company

The Company is jointly taxed with the other Danish group entities. As a group entity, the Company is jointly and severally liable with other Danish group companies for the corporation tax and withholding taxes on dividends, interest and royalties in the joint taxation. The jointly taxed companies' total known net liability to the Danish tax authorities is presented in the financial statements of the management company, Famkop Holding ApS. Any subsequent corrections of joint taxation of income and withholding tax, etc. could cause the Company's liability to represent a greater amount.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

17 Related parties

Parent company

Gavdi Group A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Gavdi Holding A/S	Gladsaxe	Participating interest

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent's consolidated financial statements
Famkop Holding ApS	Frederiksberg	www.cvr.dk

Ownership

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

Name	Domicile
Gavdi Holding A/S	Gyngemose Parkvej 50, 2860 Søborg

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

	DKK	Group 2015	Group 2014
18	Adjustments		
	Amortisation/depreciation and impairment losses	6,361,355	6,195,787
	Income from investments in associates	-12,690	30,779
	Financial income	-2,156,425	-1,942,914
	Financial expenses	1,592,153	1,341,450
	Tax for the year	1,009,713	2,426,353
		6,794,106	8,051,455
19	Changes in working capital		
	Change in receivables	-13,193,775	-8,154,866
	Change in prepayments and trade and other payables	8,309,309	7,532,641
		-4,884,466	-622,225
20	Cash and cash equivalents at year end		
	Cash and cash equivalents according to the balance sheet	9,460,101	12,581,947
		9,460,101	12,581,947