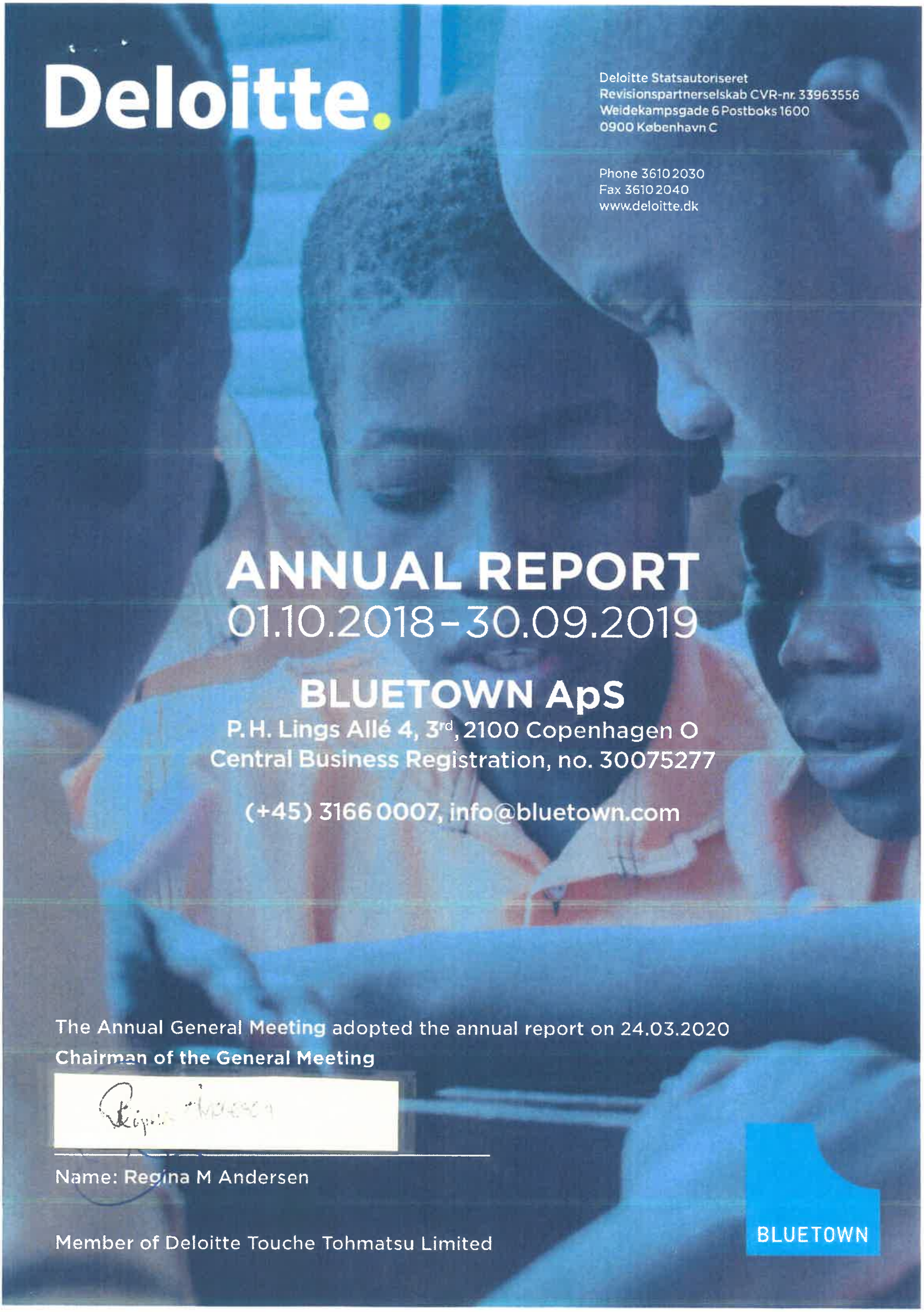

Deloitte.

Deloitte Statsautoriseret
Revisionspartnerselskab CVR-nr. 33963556
Weidekampsgade 6 Postboks 1600
0900 København C

Phone 3610 2030
Fax 3610 2040
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ANNUAL REPORT
01.10.2018 - 30.09.2019

BLUETOWN ApS

P. H. Lings Allé 4, 3rd, 2100 Copenhagen O
Central Business Registration, no. 30075277

(+45) 3166 0007, info@bluetown.com

The Annual General Meeting adopted the annual report on 24.03.2020

Chairman of the General Meeting

Name: Regina M Andersen

Member of Deloitte Touche Tohmatsu Limited

BLUETOWN

Entity details Entity details

Entity

BLUETOWN ApS
Per Henrik Lings Allé 4, 3.
2100 København Ø

Central Business Registration No (CVR): 30075277
Registered in: København
Financial year: 01.10.2018–30.09.2019

Board of Directors

Egon Bruun
Morten Balsby
Lars Bentsen Møller
Claus Ewers

Executive Board

Peter Ib
Troels Gert Nielsen
Carsten Brønd

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of BLUETOWN ApS for the financial year 01.10.2018–30.09.2019.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.09.2019 and of the results of its operations and cash flows for the financial year 01.10.2018–30.09.2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 24.03.2020

Executive Board

Peter Ib

Troels Gert Nielsen

Carsten Brønd

Board of Directors

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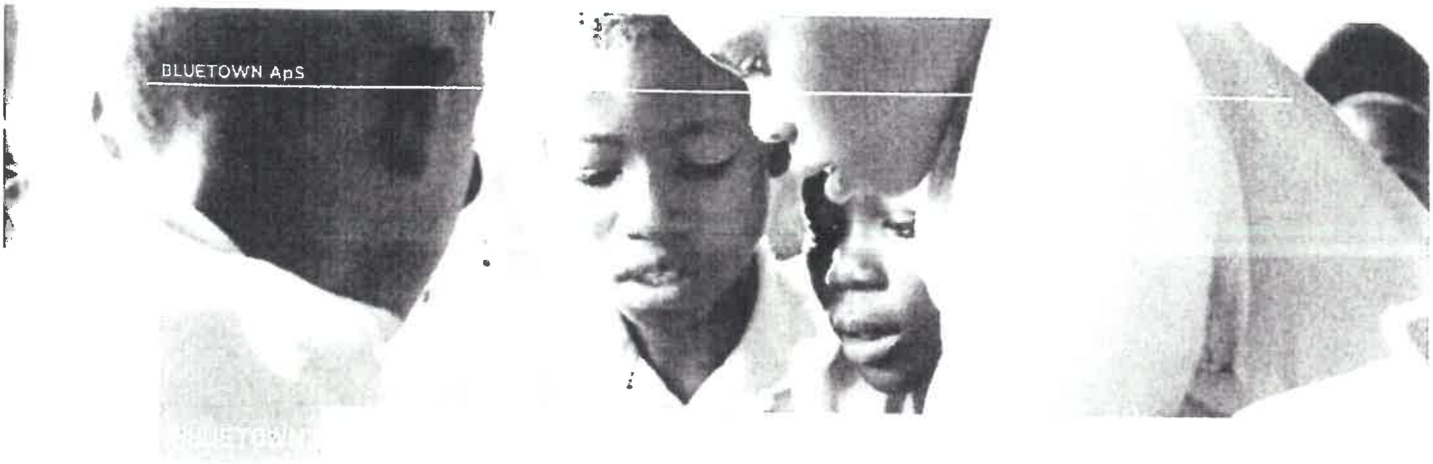
Claus Ewers



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Copenhagen, 24.03.2020

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Copenhagen, 24.05.2020

Executive Board

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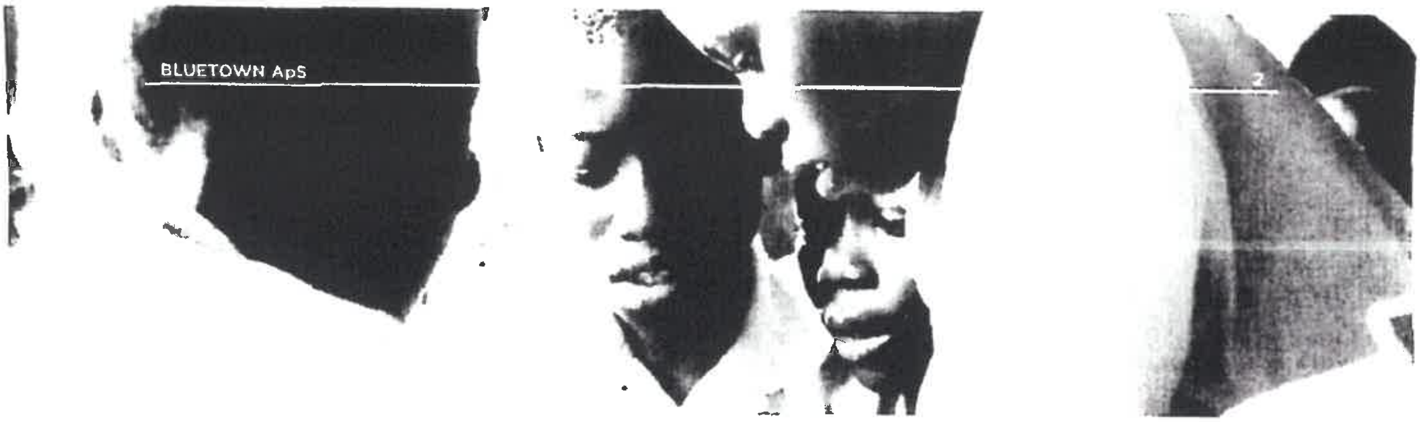
Board of Directors

Egon Bruun	Morten Balsby	Lars Bentsen Møller
Claus Ewers		



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Copenhagen, 24.03.2020

Executive Board

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Troels Gert Nielsen

Carsten Brond

Board of Directors

Egon Bruun

Morten Balsby

Lars Bentsen Moller

Claus Ewers

Independent auditor's report

To the shareholders of BLUETOWN ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of BLUETOWN ApS for the financial year 01.10.2018 - 30.09.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.09.2019, and of the results of their operations and the consolidated cash flows for the financial year 01.10.2018 - 30.09.2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We pay attention to the disclosures made in Note 1 in which Management accounts for the material uncertainty related to the Company's ability to continue its operations. Considering the Company's present financial situation and future business plan, it is crucial that additional capital and liquidity is contributed to the Company.

The Company has specific ongoing negotiations with present investors and material shareholders regarding contribution of additional capital in the short run for the day-to-day operations of the Company. At the end of February 2020, the Company had planned to obtain from the current investors a commitment of an addition of DKK 10 million to be used for the daily operations of the Company in March to serve the present current payables. At the presentation of the annual report, this plan was not fully carried out but the Company has obtained sufficient with cash in March 2020 to continue day-to-day operations in March. It is also vital for the continuous operations of the Company, that, by the end of April 2020, an additional DKK 10 million is contributed to the Company for it to be able to continue its day-to-day operations and current projects in the second half of 2020. For the second half of 2020, an additional amount of cash of DKK 15-25 million must be contributed to the Company from new, large investors. At the presentation of the annual report of 2019, no agreements have been made on the addition of considerable amounts of cash from April 2020 and forward.

The Company has at the end of February 2020 short-term payables of a considerable amount related to operating expenses and accrued taxes and thus going concern is also under the assumption that agreements are made with short-term creditors and other lenders on payment arrangements or conversion of debt.

Independent auditor's report

Are the above stated assumptions not met in the short run or only party met and is considerable additional capital not contributed to the Company in other ways, there is material uncertainty related to the going concern of the Company and the Company may not be able to fulfil its obligations as they fall due.

We do not modify our opinion on this matter.

Management's responsibilities for the consolidated financial statements and the 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.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of surance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and these parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent's internal control.

BLUETOWN

Independent auditor's report

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Independent auditor's report

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

Copenhagen, 24.03.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Bjørn Winkler Jakobsen
State Authorised Public Accountant
Identification No (MNE) mne32127

Henrik Hartmann Olesen
State Authorised Public Accountant
Identification No (MNE) mne34143

BLUETOWN

Management commentary

	2018/19 DKK'000	2017/18 DKK'000	2016/17 DKK'000	2015/16 DKK'000
Financial highlights				
Key figures				
Revenue	13.774	9.337	1.544	242
Gross profit/loss	(13.847)	(14.685)	(12.371)	(20.499)
Operating profil/loss	(49.415)	(46.416)	(42.892)	(49.222)
Net financials	(5.768)	(2.309)	(3.070)	(849)
Profit/loss for the year	(53.797)	(46.015)	(43.965)	(49.077)
Profit/loss for the year excl. minority interests	(52.843)	(45.236)	(43.088)	(48.424)
Total assets	41.354	25.670	10.524	5.133
Investments in property, plant and equipment	4.295	11.499	256	1.941
Equity	16.325	(37.855)	(46.723)	(56.679)
Equity excl. minority interests	19.186	(35.948)	(47.798)	(56.482)
Cash flows from (used in) operating activities	(56.307)	(52.575)	N/A	N/A
Cash flows from (used in) investing activities	(8.920)	(11.399)	N/A	N/A
Cash flows from (used in) financing activities	75.158	48.642	N/A	N/A
Ratios				
Gross margin (%)	(100,5)	(157,3)	(801,2)	(8.483,8)
Net margin (%)	(390,6)	(492,8)	(2.847,5)	(20.311,5)
Equity ratio (%)	46,4	(140,0)	(454,2)	(1.100,3)

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Calculation formula reflects
Gross margin (%)	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Revenue}}$	The entity's operating profitability.
Equity ratio (%)	$\frac{\text{Equity excl. minority interests x 100}}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

The Company's primary activities comprise offering communication and internet solutions. The Company has developed an end-to-end communication platform which provides internet based services specifically designed for the needs and conditions in rural and sub-urban areas of the world.

Development in activities and finances

The BLUETOWN Group incurred a loss in 2018/19 of DKK 53.8 million. The loss was slightly higher than the Management's expectations for the year. Equity in the Group is positive with DKK 16.3 million. The Parent company incurred a loss in 2018/19 of DKK 56.0 million. Equity in the Parent is positive with DKK 6.6 million. The result in the Parent is affected by a write down of receivables as described in note 2 (parent).

The Company has in 2019 continued projects with large scale partners in India and Ghana and Management expects increased global activities and increasing commercial business results in 2019/20 both in India and Africa. The Company's future depends on whether the Company is able to raise the capital necessary for the increase in activities and new contracts with large scale partners which will significantly increase the need for external financing.

Considering the Company's present financial situation and current business plan, it is crucial that additional capital is contributed to the Company both in short and long term.

During the last four years, the Company has raised capital from both small and large investors on an ongoing basis to finance the Company's day-to-day operations. In July 2019, the Company completed a large internal round by which new capital and conversion of debt of a total amount of DKK 81 million reestablished the Company's equity. The majority of the Company's other accounts payable was settled. During the autumn of 2019, the cash position of the Company was once again impaired, and the Company launched cost savings and a reduction of the workforce. By the end of February 2020, the cash position of the Company still depends on whether capital is contributed on a continuous basis from existing and new investors at the level of DKK 2.5 to 4 million each month.

It is also crucial for the continuous operations of the Company that, at the end of April 2020, an additional DKK 10 million is contributed for the Company to be able to continue its day-to-day operations and current projects in the second half of 2020. For the second half of 2020, an additional amount of DKK 15-25 million must be contributed to the Company from new, large investors.

In the short run, it is crucial for the Company to be able to expand its group of investors. The Company has specific ongoing negotiations with present investors and material shareholders on contribution of additional capital in the short run for the day-to-day operations of the Company.

The capital is to be applied to finance future plans and proving current business model, growth and investments but also to pay present liabilities and due short-term payables to lenders, creditors and tax authorities falling due within short notice.

Are the above stated assumptions not met in the short run or only party met and is considerable additional capital not contributed to the Company in other ways, there is material uncertainty related to the going concern of the Company and the Company may not be able to fulfil its obligations as they fall due.

On this basis, assuming that funding, equity investments or loans of significance would be obtained, Management has concluded that it is appropriate to prepare the annual report based on going concern.

Our Activities

The expansion of internet connectivity is central to the development of the world's poorest countries. But in thinly populated regions, it's currently not economically viable for larger telecom operators to establish and provide internet service solutions. Since 2013, BLUETOWN has specialized in developing reliable and affordable internet solutions that are inexpensive to invest in and operate. BLUETOWN offers the most cost-effective solutions that ensures internet access to end-users in rural areas with low and medium-sized population density.

BLUETOWN's technology is robust, thoroughly tested and scalable, and its solutions are fully integrated in a commercially sustainable business model. The products are easy to set up and maintain, and the solutions, which create modern communications infrastructure that boosts development and improve living standards, can be upscaled to cover large, rural areas. In brief, BLUETOWN combines a good business with putting a positive social footprint on a world, where the internet remains a scarce commodity for people in developing countries' rural areas.

BLUETOWN's vision is to connect a large part of the world's 4 billion people who are yet to receive internet access — a goal that BLUETOWN works towards in collaboration with private companies, NGOs, and governments. BLUETOWN's solutions are already being distributed rapidly in Ghana and India, where the countries' governments are engaged in building a foundation for the population to become part of the global digital economy. Collaboration with federal governments is essential to BLUETOWN's business model, which is based on continuous income flow from public authorities. In recent years, BLUETOWN has demonstrated the ability to enter into successful collaborations with governments in establishing affordable and reliable internet access.

The business models vary depending on the project. Core earnings are gained from providing internet connectivity via Wi-Fi hotspots. Internet access generates revenue from end-users, SMEs, schools, health clinics, and other public institutions. In the future, revenue will also be generated through partnerships with digital content providers in the fields of eLearning, eHealth, eGovernance, agriculture, entertainment, and more, which the end-users will receive free or affordable access to through the offline content solution the LOCAL CLOUD. Finally, revenue will be generated from sales of equipment and turnkey-projects, while collaborations in providing government-financed Wi-Fi solutions to rural areas will ensure BLUETOWN a continuous and steady revenue.

Today, the majority of BLUETOWN's activities are in India and Ghana, but a project in Mozambique has also been implemented. Comprehensive and long-term collaborations with partners such as Microsoft and the World Bank are essential building blocks in BLUETOWN's foundation that guarantee a sustainable and promising business model.

India

India is BLUETOWN's largest market and a high-priority country. As BLUETOWN's largest project to date, BLUETOWN implemented 782 new Wi-Fi hotspots in the state of Jharkhand in 2018. End-users receive 30 minutes of free internet access daily to explore what the internet has to offer, after which they can purchase additional data.

BLUETOWN UMBRELLA

Alongside the Jharkhand project, BLUETOWN completed a project with the UMBRELLA solution in the district of Koderma, Jharkhand. UMBRELLA allows up to 200 Wi-Fi hotspots to be deployed in a 15-kilometer radius from the base station, where internet access is established by fiber, satellite or microwaves.

Public Wi-Fi at District Headquarters

BLUETOWN has entered an agreement to connect the district headquarters in Jharkhand. In addition to establishing internet connectivity at office buildings, the project will deploy public Wi-Fi hotspots in the surrounding areas, to the benefit of the local citizens.

Wi-Fi hotspots in Eight Towns

In October 2019, BLUETOWN acquired the rights to implement 305 Wi-Fi access points that will establish internet connectivity for about 50.000 inhabitants in eight towns in Jharkhand. Public Wi-Fi will be established in public offices, both indoors and outdoors.

Partnerships with BSNL and RailTel

The projects in Jharkhand are financed by the Jharkhand government and are part of BLUETOWN's partnership with BSNL – a government-owned Indian mobile network provider. Jharkhand state government has shown huge support throughout several projects and expresses a clear interest in expanding the partnership. BLUETOWN also works in close collaboration with RailTel, an Indian state-owned company, specialized in providing broadband.

Ghana

Alongside India, Ghana is a high-priority country for BLUETOWN. The first project in Ghana was launched in 2017, in collaboration with the Ghanaian public institution GIFEC (Ghana Investment Fund for Electronic Communications). Since then, BLUETOWN has expanded in the country with several projects, collaborating with both public institution, private companies, and NGOs.

Local Government Service

BLUETOWN helps Ghana in improving the country's decentralized local governmental system by connecting local government offices in several Ghanaian regions. The project allows for more effective local governance and improves the institutions' ability to provide better services to the population via eGovernance.

The BLUETOWN LAMPPOST

In collaboration with GIFEC, BLUETOWN LAMPPOST has been implemented in several public locations in Western Ghana. The solar-powered streetlamps with built-in Wi-Fi have been installed at marketplaces and bus stops and enables students to do their homework and have a social life even after sunset.

Public Wi-Fi hotspots

In August 2019, BLUETOWN launched a network of public, solar-powered Wi-Fi hotspots in the town of Aburi in Ghana. With a smartphone or another Wi-Fi-enabled device, the Ghanaian town's 20,000 inhabitants can now access the internet. Aburi was the first of several towns in Ghana that BLUETOWN provided with public Wi-Fi hotspots.

TV White Space

With a combination of Wi-Fi and TV White Space technology, BLUETOWN, in collaboration with Microsoft, will provide 800,000 people in Eastern Ghana with internet access. After receiving a nationwide TV White Space license, the technology was tested in the region in September 2019. TV White Space — the available spectrum on the frequency band between existing TV channels - makes it possible to occupy the vacant frequencies between TV channels and thereby offer connectivity to even more communities in rural districts. In September, BLUETOWN and Microsoft initiated implementation of the first of 1,200 new Wi-Fi hotspots in Ghana — a task that will continue in 2020.

Partnership with CARE

In October 2019, BLUETOWN's 5-year project in Ghana with the developmental organization CARE began, which is supported by the Danida Market Development Partnership program. The project will allow rural farmers to consult digital agricultural content via the LOCAL CLOUD, so that entering agricultural businesses becomes more lucrative. The project also engages young tech entrepreneurs in the development of new services to the LOCAL CLOUD along with further development of BLUETOWN's micro-operator concept, transforming them into digital change agents.

Mozambique

In collaboration with the financial developmental institution Gapi in Mozambique, the country's first BLUETOWN Wi-Fi hotspots were launched in October 2019. After winning a grant from USAID's "WomenConnect Challenge," BLUETOWN launched the "Women in the Network" project in the town of Ribáuè in the Nampula province. The project will lead to a new model that can be implemented elsewhere in Mozambique and is focused on enhancing the skills of women and girls in information and communications technology.

Partnership with Microsoft

In January 2019, BLUETOWN revealed a comprehensive strategic partnership with Microsoft focused on technical collaboration and knowledge sharing. The combination of BLUETOWN's core skills — ensuring last-mile connectivity — and Microsoft's global expertise in AI, machine learning, cloud computing, and IoT creates a valuable framework for developing new, cost-effective solutions.

Connectivity for 800,000 People

In collaboration with Microsoft, BLUETOWN will provide internet access to for about 800,000 people in Eastern Ghana. Using Wi-Fi and TV White Space technologies, the project will culminate in a combination of public Wi-Fi zones, affordable internet access, free access to digital services internet access for public institutions and companies.

The LOCAL CLOUD

BLUETOWN's LOCAL CLOUD is a local content server that, via BLUETOWN's Wi-Fi hotspots, gives users data-free access to information on subjects such as eLearning, eHealth, eGovernance, agricultural services, news, and entertainment. To improve the user experience, the LOCAL CLOUD was tested in Ghana in 2018. Today, a large part of the partnership with Microsoft is centered on this solution, which is also an integral part of BLUETOWN's projects with CARE in Ghana, and Gapi and USAID in Mozambique.

Strengthened Partnership with Microsoft

As part of the close partnership, BLUETOWN and Microsoft collaborated on the testing and integration of Microsoft Smart Community System in October 2019. This platform allows BLUETOWN to move forward with the development of the LOCAL CLOUD solution, and the system is expected to enable local app-developers to target users in rural communities. BLUETOWN and Microsoft are also working in tandem on expanding the partnership geographically and are planning to enter at least two new countries in the near future.

A Moonshot for Africa's Digital Economy

In collaboration with tech giants such as Facebook, Google, and Huawei, BLUETOWN was invited to consult the World Bank in conjunction with the project "A Moonshot for Africa's Digital Economy" in May 2019. The initiative, which seeks to double internet access connectivity in Africa by 2021 and secure full continental coverage by 2030, is supported by the Danish state authorities with DKK 20 million and aims to help African countries better utilize the possibilities of digitalization.

Central Role in World Bank Report

In October 2019, the World Bank and IMF launched the "Connecting Africa Through Broadband" report, which includes recommendations on how Africa can obtain full internet coverage by 2030. The report shows a large potential for BLUETOWN's business model and concludes that a USD 100 billion investment is needed to reach the goals, which include providing internet access to 100 million people in rural areas that are still not covered by the networks of telecom operators. BLUETOWN, which has positioned itself as a global expert and potential service provider in the report, is specialized in exactly this task of providing affordable internet service to the rural districts of developing countries.

BLUETOWN

Uncertainty relating to recognition and measurement

The Company has unrecognized assets in terms of software and solutions developed. In 2017/18 and prior years, the Company expensed all development costs. No development costs were disclosed as assets in the balance sheet. The Company expects software and product solutions to contribute significantly to future profits. In 2019 the Company has recognized the value of two specific development projects.

Unusual circumstances affecting recognition and measurement

In 2019 the Company has decided to scale down its activities in BLUETOWN Tanzania Ltd until specific projects have materialized. Once projects have materialized, the Company will scale up its activities again. As a result of this, the intercompany receivable from BLUETOWN Tanzania Ltd. of DKK 13.589 thousand has for now been written down to zero as of 30 September 2019. The write down has been recognized in other external expenses as a loss on receivables in 2017/18 and 2018/2019.

Events after the balance sheet date

Since the balance date, no events has occured that changes the assessment of the annual report. The outbreak and spread of COVID-19 early 2020 has not yet had significant impact on the company's financials and development, but it is expected that the short term possibilities for capital injections from investors and loan providers has been exacerbated by increased cautiousness and decreasing share prices and wealth globally. On top, COVID-19 increases supply chain risks.

Consolidated income statement for 2018/19

	Notes	2018/19 DKK	2017/18 DKK
Revenue		13.774.316	9.337.492
Other operating income		74.676	15.000
Cost of sales		(4.278.157)	(3.991.731)
Other external expenses		(23.418.041)	(20.045.826)
Gross profit/loss		**(13.847.206)**	**(14.685.065)**
Staff costs	1	(32.534.132)	(30.696.545)
Depreciation, amortisation and impairment losses	2	(3.033.268)	(1.034.074)
Operating profit/loss		**(49.414.606)**	**(46.415.684)**
Other financial income	3	4.693.770	1.291.584
Other financial expenses	4	(10.461.548)	(3.600.591)
Profit/loss before tax		**(55.182.384)**	**(48.724.691)**
Tax on profit/loss for the year	5	1.385.310	2.709.398
Profit/loss for the year	6	**(53.797.074)**	**(46.015.293)**

Consolidated balance sheet at 30.09.2019

	Notes	2018/19 DKK	2017/18 DKK
Acquired rights		82.364	105.701
Development projects in progress		2.969.000	0
Intangible assets	7	**3.051.364**	**105.701**
Plant and machinery		10.446.892	9.064.057
Other fixtures and fittings, tools and equipment		303.830	241.054
Property, plant and equipment in progress		3.463.665	2.877.040
Property, plant and equipment	8	**14.214.387**	**12.182.151**
Deposits		1.204.687	904.680
Other receivables		1.320.044	0
Fixed asset investments	9	**2.524.731**	**904.680**
Fixed assets		**19.790.482**	**13.192.532**
Raw materials and consumables		749.632	1.999.509
Inventories		**749.632**	**1.999.509**
Trade receivables		4.339.354	2.705.896
Other receivables		486.308	3.777.451
Income tax receivable		2.778.248	2.053.026
Contributed capital in arrears		0	1.165.336
Prepayments		3.133.984	631.944
Receivables		**10.737.894**	**10.333.653**
Cash		**10.075.742**	**144.570**
Current assets		**21.563.268**	**12.477.732**
Assets		**41.353.750**	**25.670.264**

Consolidated balance sheet at 30.09.2019

	Notes	2018/19 DKK	2017/18 DKK
Contributed capital		793.575	337.819
Share premium		238.934.238	130.451.044
Retained earnings		(220.541.697)	(166.736.764)
Equity attributable to the Parent's owners		**19.186.116**	**(35.947.901)**
Share of equity attributable to minority interests		**(2.861.467)**	**(1.907.391)**
Equity		**16.324.649**	**(37.855.292)**
Deferred income	10	0	389.149
Non-current liabilities other than provisions		**0**	**389.149**
Bank loans		47.558	14.696.666
Payables to other credit institutions	11	3.513.369	16.595.154
Convertible and dividend-yielding debt instruments		0	4.943.950
Prepayments received from customers		9.569.972	7.546.887
Trade payables		4.200.438	9.558.903
Payables to shareholders and management		0	833.449
Other payables		7.697.764	8.661.159
Deferred income		0	300.239
Current liabilities other than provisions		**25.029.101**	**63.136.407**
Liabilities other than provisions		**25.029.101**	**63.525.556**
Equity and liabilities		**41.353.750**	**25.670.264**
Subsidiaries	13		

Consolidated statement of changes in equity for 2018/19

	Contributed capital DKK	Share premium DKK	Retained earnings DKK
Equity beginning of year	337.819	130.451.044	(166.736.764)
Increase of capital	455.756	108.483.194	0
Other entries on equity	0	0	(961.935)
Profit/loss for the year	0	0	(52.842.998)
Equity end of year	**793.575**	**238.934.238**	**(220.541.697)**

	Share of equity attributable to minority interests DKK	Total DKK
Equity beginning of year	(1.907.391)	(37.855.292)
Increase of capital	0	108.938.950
Other entries on equity	0	(961.935)
Profit/loss for the year	(954.076)	(53.797.074)
Equity end of year	**(2.861.467)**	**16.324.649**

Consolidated cash flow statement for 2018/19

	Notes	2018/19 DKK	2017/18 DKK
Operating profit/loss		(49.414.606)	(46.415.684)
Amortisation, depreciation and impairment losses		3.033.268	1.034.074
Working capital changes	12	(4.582.641)	(6.432.244)
Cash flow from ordinary operating activities		**(50.963.979)**	**(51.813.854)**
Financial income received		1.548.967	1.291.584
Financial expenses paid		(8.346.777)	(4.761.683)
Income taxes refunded/(paid)		1.454.930	2.709.398
Cash flows from operating activities		**(56.306.859)**	**(52.574.555)**
Acquisition etc of intangible assets		(3.004.545)	(20.003)
Acquisition etc of property, plant and equipment		(4.294.981)	(11.499.488)
Acquisition of fixed asset investments		(1.620.051)	120.272
Cash flows from investing activities		**(8.919.577)**	**(11.399.219)**
Loans raised		(13.081.785)	(2.555.529)
Cash increase of capital		108.938.950	55.678.590
Loans from owners		(833.499)	(9.424.569)
Convertible loans		(4.943.950)	4.943.950
Bank debt paid		(14.922.108)	0
Cash flows from financing activities		**75.157.608**	**48.642.442**
Increase/decrease in cash and cash equivalents		**9.931.172**	**(15.331.332)**
Cash and cash equivalents beginning of year		144.570	779.236
Cash and cash equivalents end of year		**10.075.742**	**(14.552.096)**
Cash and cash equivalents at year-end are composed of:			
Cash		10.075.742	144.570
Short-term debt to banks		0	(14.696.666)
Cash and cash equivalents end of year		**10.075.742**	**(14.552.096)**

Notes to consolidated financial statements

	2018/19 DKK	2017/18 DKK
1. Staff costs		
Wages and salaries	35.074.365	30.087.147
Pension costs	61.567	230.688
Other social security costs	394.993	378.710
Staff costs classified as assets	(2.996.793)	0
	32.534.132	**30.696.545**
Average number of employees	**98**	**67**

	Remuneration of management 2018/19 DKK	Remuneration of management 2017/18 DKK
Executive Board	3.241.934	3.241.934
Board of Directors	180.000	180.000
	3.421.934	**3.421.934**

	2018/19 DKK	2017/18 DKK
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	62.721	61.696
Depreciation of property, plant and equipment	2.970.547	972.378
	3.033.268	**1.034.074**

	2018/19 DKK	2017/18 DKK
3. Other financial income		
Other interest income	1.548.967	412.274
Exchange rate adjustments	3.144.803	879.310
	4.693.770	**1.291.584**

	2018/19 DKK	2017/18 DKK
4. Other financial expenses		
Other interest expenses	8.526.385	2.992.635
Exchange rate adjustments	1.935.163	607.956
	10.461.548	**3.600.591**

Notes to consolidated financial statements

	2018/19 DKK	2017/18 DKK
5. Tax on profit/loss for the year		
Adjustment concerning previous years	(1.385.310)	(2.709.398)
	(1.385.310)	**(2.709.398)**

	2018/19 DKK	2017/18 DKK
6. Proposed distribution of profit/loss		
Retained earnings	(52.842.998)	(45.235.508)
Minority interests' share of profit/loss	(954.076)	(779.785)
	(53.797.074)	**(46.015.293)**

	Acquired rights DKK	Development projects in progress DKK
7. Intangible assets		
Cost beginning of year	252.863	0
Exchange rate adjustments	11.362	0
Additions	35.545	2.969.000
Cost end of year	**299.770**	**2.969.000**
Amortisation and impairment losses beginning of year	(147.162)	0
Exchange rate adjustments	(7.523)	0
Amortisation for the year	(62.721)	0
Amortisation and impairment losses end of year	**(217.406)**	**0**
Carrying amount end of year	**82.364**	**2.969.000**

Development projects

The cost price of development projects is derived from time spend in Bluetown ApS expressed in man-hours and the cost of a man-hour used for development of the Group's main technical asset which is Wi-Fi hotspot solutions for remote, satellite, fiber or microlink backhauled systems to be deployed in areas with or without power availability. Development covers foundation, tower structure, power solution, network and Wi-Fi configuration and software integration to central Datacenters and network monitoring, billing, payment and reporting solutions. On an on-going basis Management assess the value of the assets.

Notes to consolidated financial statements

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Property, plant and equipment in progress DKK
8. Property, plant and equipment			
Cost beginning of year	10.094.348	809.132	2.877.040
Exchange rate adjustments	877.338	14.357	255.665
Transfers	3.132.705	0	(3.132.705)
Additions	502.588	328.728	3.463.665
Disposals	(1.159.534)	(10.824)	0
Cost end of year	**13.447.445**	**1.141.393**	**3.463.665**
Depreciation and impairment losses beginning of year	(1.030.292)	(568.078)	0
Exchange rate adjustments	(82.369)	(6.282)	0
Impairment losses for the year	(343.567)	0	0
Depreciation for the year	(2.479.250)	(263.203)	0
Reversal regarding disposals	934.925	0	0
Depreciation and impairment losses end of year	**(3.000.553)**	**(837.563)**	**0**
Carrying amount end of year	**10.446.892**	**303.830**	**3.463.665**

	Deposits DKK
9. Fixed asset investments	
Cost beginning of year	904.680
Additions	300.007
Cost end of year	**1.204.687**
Carrying amount end of year	**1.204.687**

10. Long-term deferred income

Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at cost.

11. Payables to other credit institutions

The loans are granted by investors and subject to future investors completing of equity investment in the Company. The debt accrues interest. The date for repayment is not set but shall be repaid if the Company completes new funding in 2020 from large investors.

Notes to consolidated financial statements

	2018/19 DKK	2017/18 DKK
12. Change in working capital		
Increase/decrease in inventories	1.249.877	87.643
Increase/decrease in receivables	(844.355)	(5.137.934)
Increase/decrease in trade payables etc	(5.358.465)	3.473.086
Other changes	370.302	(4.855.039)
	(4.582.641)	**(6.432.244)**

	Equity interest %
13. Subsidiaries	
BLUETOWN (Mauritius) Ltd	100,0
BLUETOWN India Pvt. Ltd	99,9
Bluetown Tanzania Ltd	90,0
Bluetown Ghana Ltd	80,0

Parent income statement for 2018/19

	Notes	2018/19 DKK	2017/18 DKK
Revenue		2.055.269	5.428.306
Other operating income		74.676	15.000
Cost of sales		(2.836.250)	(2.671.361)
Other external expenses		(17.137.597)	(20.928.745)
Gross profit/loss		**(17.843.902)**	**(18.156.800)**
Staff costs	3	(28.587.034)	(26.706.427)
Depreciation, amortisation and impairment losses	4	(214.128)	(168.380)
Operating profit/loss		**(46.645.064)**	**(45.031.607)**
Income from investments in group enterprises		(7.941.568)	(11.858.209)
Other financial income	5	4.706.901	1.624.026
Other financial expenses	6	(7.603.094)	(3.083.210)
Profit/loss before tax		**(57.482.825)**	**(58.349.000)**
Tax on profit/loss for the year	7	1.454.930	2.709.398
Profit/loss for the year	8	**(56.027.895)**	**(55.639.602)**

Parent balance sheet at 30.09.2019

	Notes	2018/19 DKK	2017/18 DKK
Acquired rights		49.993	62.496
Development projects in progress		2.969.000	0
Intangible assets	9	**3.018.993**	**62.496**
Other fixtures and fittings, tools and equipment		167.532	160.311
Property, plant and equipment	10	**167.532**	**160.311**
Investments in group enterprises		0	0
Receivables from group enterprises		30.381.027	0
Deposits		923.773	904.680
Fixed asset investments	11	**31.304.800**	**904.680**
Fixed assets		**34.491.325**	**1.127.487**
Raw materials and consumables		749.632	1.999.509
Inventories		**749.632**	**1.999.509**
Trade receivables		2.162.123	260.025
Receivables from group enterprises		0	8.132.569
Other receivables		312.207	234.352
Income tax receivable		223.675	0
Prepayments	12	718.850	631.944
Receivables		**3.416.855**	**9.258.890**
Cash		**6.917.938**	**82.122**
Current assets		**11.084.425**	**11.340.521**
Assets		**45.575.750**	**12.468.008**

Parent balance sheet at 30.09.2019

	Notes	2018/19 DKK	2017/18 DKK
Contributed capital		793.575	337.819
Share premium		238.934.238	130.451.044
Reserve for development expenditure		(2.315.820)	0
Retained earnings		(230.797.065)	(177.140.858)
Equity		**6.614.928**	**(46.351.995)**
Provisions for investments in group enterprises	13	19.649.123	11.763.423
Provisions		**19.649.123**	**11.763.423**
Bank loans	14	47.558	14.696.666
Payables to other credit institutions	15	1.730.100	14.192.790
Convertible and dividend-yielding debt instruments	16	0	4.943.950
Prepayments received from customers		9.442.785	591.004
Trade payables		3.318.151	5.821.262
Payables to group enterprises		0	155.421
Payables to shareholders and management		0	833.449
Other payables		4.773.105	5.822.038
Current liabilities other than provisions		**19.311.699**	**47.056.580**
Liabilities other than provisions		**19.311.699**	**47.056.580**
Equity and liabilities		**45.575.750**	**12.468.008**
Going concern	1		
Unusual circumstances	2		
Unrecognised rental and lease commitments	17		
Contingent liabilities	18		
Assets charged and collateral	19		
Related parties with controlling interest	20		

Parent statement of changes in equity for 2018/19

	Contributed capital DKK	Share premium DKK	Reserve for development expenditure DKK
Equity beginning of year	337.819	130.451.044	0
Increase of capital	455.756	108.483.194	0
Exchange rate adjustments	0	0	0
Transfer to reserves	0	0	0
Profit/loss for the year	0	0	(2.315.820)
Equity end of year	**793.575**	**238.934.238**	**(2.315.820)**

	Retained earnings DKK	Total DKK
Equity beginning of year	(177.140.858)	(46.351.995)
Increase of capital	0	108.938.950
Exchange rate adjustments	55.868	55.868
Transfer to reserves	2.315.820	2.315.820
Profit/loss for the year	(56.027.895)	(58.343.715)
Equity end of year	**(230.797.065)**	**6.614.928**

Notes to parent financial statements

1. Going concern

The Company has in 2019 continued projects with large scale partners in India and Ghana and Management expects increased global activities and increasing commercial business results in 2019/20 both in India and Africa. The Company's future depends on whether the Company is able to raise the capital necessary for the increase in activities and new contracts with large scale partners which will significantly increase the need for external financing. Considering the Company's present financial situation and current business plan, it is crucial that additional capital is contributed to the Company both in short and long term.

During the last four years, the Company has raised capital from both small and large investors on an ongoing basis to finance the Company's day-to-day operations. In July 2019, the Company completed a large internal round by which new capital and conversion of debt of a total amount of DKK 83 million reestablished the Company's equity. The majority of the Company's other accounts payable was settled. During the autumn of 2019, the cash position of the Company was once again impaired, and the Company launched cost savings and a reduction of the workforce. By the end of February 2020, the cash position of the Company still depends on whether capital is contributed on a continuous basis from existing and new investors at the level of DKK 2.5 to 4 million each month.

At the end of February 2020, the Company had planned to obtain from the current investors a commitment of an addition of DKK 10 million to be used for the daily operations of the Company in March to serve the present current payables. At the presentation of the annual report, this plan was not fully carried out, but the Company has obtained sufficient cash in March 2020 to continue day-to-day operations during March.

It is also crucial to the continuous operations of the Company that, at the end of April 2020, an additional DKK 10 million is contributed for the Company to be able to continue its day-to-day operations and current projects in the second half of 2020. For the second half of 2020, an additional amount of DKK 15-25 million must be contributed to the Company from new, large investors.

In the short run, it is crucial for the Company to be able to expand its group of investors. The Company has specific ongoing negotiations with present investors and material shareholders on contribution of additional capital in the short run for the day-to-day operations of the Company.

The capital is to be applied to finance future plans and proving current business model, growth and investments but also to pay present liabilities and due short-term payables to lenders, creditors and tax authorities falling due within short notice.

Are the above stated assumptions not met in the short run or only partially met and is considerable additional capital not contributed to the Company in other ways, there is material uncertainty related to the going concern of the Company and the Company may not be able to fulfil its obligations as they fall due.

On this basis, assuming that funding, equity investments or loans of significance would be obtained, Management has concluded that it is appropriate to prepare the annual report based on going concern.

Notes to parent financial statements

2. Unusual circumstances

In 2019 the Company decided to scale down its activities in BLUETOWN Tanzania Ltd until specific projects have materialized. Once projects have materialized, the Company will scale up its activities again. As a result of this, the intercompany receivable from Bluetown Tanzania Ltd. of DKK 13.589 thousand has for now been written down to zero as of 30 September 2019. In the parent financial statements the write down has been recognised in other external expenses as a loss on receivables in 2017/18 and 2018/19. The additional write down in 2018/19 amounted to DKK 3.185 thousand.

	2018/19 DKK	2017/18 DKK
3. Staff costs		
Wages and salaries	31.283.986	26.406.587
Other social security costs	272.048	299.840
Staff costs classified as assets	(2.969.000)	0
	28.587.034	**26.706.427**
Average number of employees	**42**	**38**

	Remuneration of management 2018/19 DKK	Remuneration of management 2017/18 DKK
Executive Board	3.241.934	3.241.934
Board of Directors	180.000	180.000
	3.421.934	**3.421.934**

Special incentive programmes

The parent BLUETOWN ApS has in July 2016 established a share-based programme for management and employees. The programme consist of 109.375 warrants of which 56.500 warrants expires as of 1 June 2025. The rest expires 1 June 2029. Number of warrants granted is 76.977. The exercise price is DKK 400 and DKK 200 per warrant.

	2018/19 DKK	2017/18 DKK
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	12.503	12.500
Depreciation of property, plant and equipment	201.625	155.880
	214.128	**168.380**

Notes to parent financial statements

	2018/19 DKK	2017/18 DKK
5. Other financial income		
Financial income arising from group enterprises	1.683.363	744.713
Other interest income	458.298	3
Exchange rate adjustments	2.565.240	879.310
	4.706.901	**1.624.026**

	2018/19 DKK	2017/18 DKK
6. Other financial expenses		
Other interest expenses	7.123.495	2.463.704
Exchange rate adjustments	479.599	619.506
	7.603.094	**3.083.210**

	2018/19 DKK	2017/18 DKK
7. Tax on profit/loss for the year		
Current tax	186.692	0
Adjustment concerning previous years	(1.641.622)	(2.709.398)
	(1.454.930)	**(2.709.398)**

Tax income comprises tax credit received in accordance with Danish Tax Assessment Act (Ligningsloven) section 8X for the income year 2017. Tax credit for income year 2018 and 2019 will be recognized when received.

	2018/19 DKK	2017/18 DKK
8. Proposed distribution of profit/loss		
Retained earnings	(56.027.895)	(55.639.602)
	(56.027.895)	**(55.639.602)**

Notes to parent financial statements

9. Intangible assets	Acquired rights DKK	Development projects in progress DKK
Cost beginning of year	125.000	0
Additions	0	2.969.000
Cost end of year	**125.000**	**2.969.000**
Amortisation and impairment losses beginning of year	(62.504)	0
Amortisation for the year	(12.503)	0
Amortisation and impairment losses end of year	**(75.007)**	**0**
Carrying amount end of year	**49.993**	**2.969.000**

Development projects

The cost price of development projects is derived from time spend in Bluetown ApS expressed in man-hours and the cost of a man-hour used for development of the Group's main technical asset which is Wi-Fi hotspot solutions for remote, satellite, fiber or microlink backhauled systems to be deployed in areas with or without power availability. Development covers foundation, tower structure, power solution, network and Wi-Fi configuration and software integration to central Datacenters and network monitoring, billing, payment and reporting solutions. On an on-going basis Management assess the value of the assets.

10. Property, plant and equipment	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	623.514
Additions	208.846
Cost end of year	**832.360**
Depreciation and impairment losses beginning of year	(463.203)
Depreciation for the year	(201.625)
Depreciation and impairment losses end of year	**(664.828)**
Carrying amount end of year	**167.532**

Notes to parent financial statements

	Invest-ments in group enterprises DKK	Receivables from group enterprises DKK	Deposits DKK
11. Fixed asset investments			
Cost beginning of year	6.640	0	904.680
Additions	0	30.381.027	19.093
Cost end of year	**6.640**	**30.381.027**	**923.773**
Impairment losses beginning of year	(6.640)	0	0
Exchange rate adjustments	55.868	0	0
Share of profit/loss for the year	(7.941.568)	0	0
Investments with negative equity value transferred to provisions	7.885.700	0	0
Impairment losses end of year	**(6.640)**	**0**	**0**
Carrying amount end of year	**0**	**30.381.027**	**923.773**

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

Receivables from BLUETOWN India and BLUETOWN Ghana have been disclosed as long term receivables. The loan carries an interest and can be extended. No principles of repayment have been agreed.

12. Prepayments

Prepayments comprises incurred costs relating to subsequent financial years measured at cost and relates mainly to prepaid rent.

13. Provisions for investments in group enterprises

Group enterprises with negative equity are measured at DKK 0. The negative equity value exceeds the amount receivable, why the remaining amount is recognized under provisions, as the Parent Bluetown ApS has a constructive obligation to cover the liabilities of the subsidiaries.

14. Bank loans

As of 30 September 2019 the Company has no overdraft facilities.

15. Payables to other credit institutions

The loans are granted by investors and subject to future investors completing equity investment in the Company. The debt accrues interest. The date for repayment is not set but shall be repaid if the Company completes new funding in 2020 from large investors.

16. Convertible and dividend-yielding short-term debt instruments

The convertible loans are from investors in connection with and subject to completion of equity investments

Notes to parent financial statements

made by investors. The loans have subsequent been converted into equity in accordance to shareholder agreements. In 2018/2019 debt conversions and capital increases of DKK 108.9 million (2017/18: DKK 55.7 million) was completed in the Parent Bluetown ApS.

	2018/19 DKK	2017/18 DKK
17. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**23.310**	**37.295**

18. Contingent liabilities

The Entity has participated in a Danish joint taxation arrangements in prior years, ended as of May 2017. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

19. Assets charged and collateral

A guarantee of DKK 2.420 thousand is provided by the Company to a cooperative partner in Ghana in connection with projects in progress.

20. Related parties with controlling interest

BTH ApS holds as the largest shareholder 15,34 % af the voting share in Bluetown ApS as of 30 September 2019.

Accounting policies

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

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Changes in accounting estimates
In 2019, the Company optimised its processess for handling, recording and controlling its internal development projects of new products and related components. Consequently, the Company changed its principle for recognition of development costs which are subsequently recognised as intangible assets in the balance sheet.

Previously, internal development costs were recognised as expenses in the income statement when the expenses occurred. The change of the accounting estimate has improved profit for the year by DKK 2,969 thousand, and assets and equity has also increased by DKK 2,969 thousand.

Recognition and measurement
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 Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity 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 Entity, 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 at recognition and measurement.

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

Consolidated financial statements
The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) 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 controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Accounting policies

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends 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 profit or loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

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

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 rate at 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 and associates that are independent entities, the 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.

Public grants

Public grants are recognised when final commitment has been received from the grantor and it is probable that the conditions of the grant will be fulfilled. Grants are recognised as income in the income statement as earned. Grants awarded for acquisition of assets are recognised as deferred income in the balance sheet, which is taken to income on a straight-line basis over the useful life of the asset.

Income statement

Revenue

Revenue from the sale of equipment and technical sites is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Accounting policies

Other operating income
Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales
Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses
Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables and intercompany receivables recognised in current assets.

Staff costs
Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Other financial income
Other financial income comprises, interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

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 the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet
Intellectual property rights etc
Intellectual property rights etc comprise acquired intellectual property rights, licenses for aquired software

Accounting policies

and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. The amortisation periods used are 3 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Plant and machinery	5 years
Other fixtures and fittings, tools and equipment	3-5 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises
In the parent financial statements, investments in group enterprises are recognised and measured according

Accounting policies

to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits and losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Contributed capital in arrears
Contributed capital in arrears consists of capital subscribed, but not paid up, which is recognised as a separate amount receivable in assets and a separate reserve in equity (gross method). The amount receivable is measured at amortised cost.

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

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

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

Cash
Cash comprises cash in hand and bank deposits.

Accounting policies

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

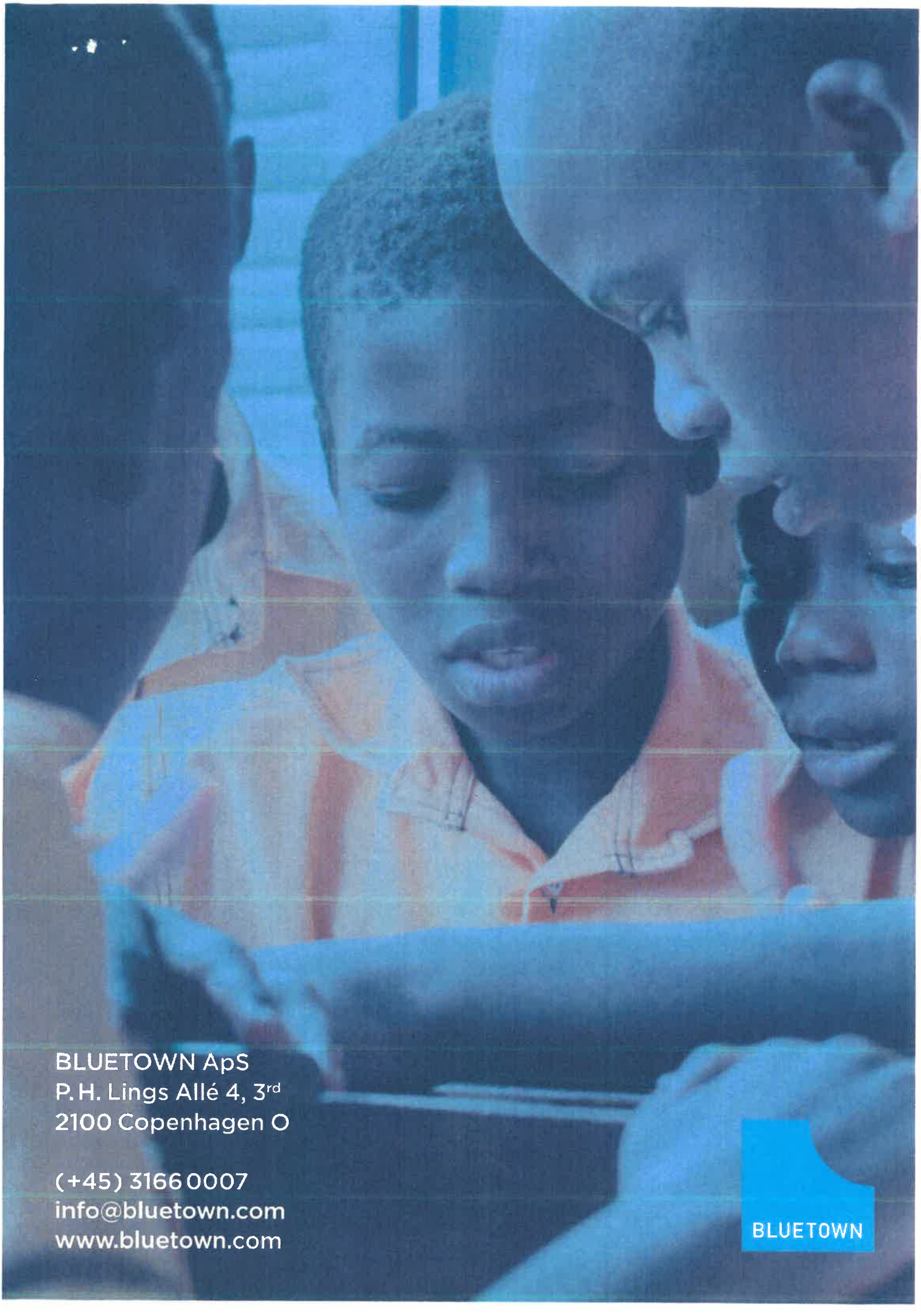
Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and 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 assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend. Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.



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