Mark Information A/S

Maglebjergvej 11, 2800 Lyngby

(CVR-NO 31 07 52 62)

2017 Annual report

This annual report has been adopted at the company's annual general meeting on 22nd March 2018

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COMPANY INFORMATION

Company

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Registered office: Lyngby-Taarbæk
CVR.no.: 31 07 52 62

Board of directors

Erik Kjeld Kjær, Chairman
Flemming Poulfelt
Arve Johan Andresen

Executive board

Torkel Baden Olrik
Henrik Trolle
Michael Dupont Fischer
Morten Lassen Janum
Klaus Parmo Jensen
Bo Køhlert

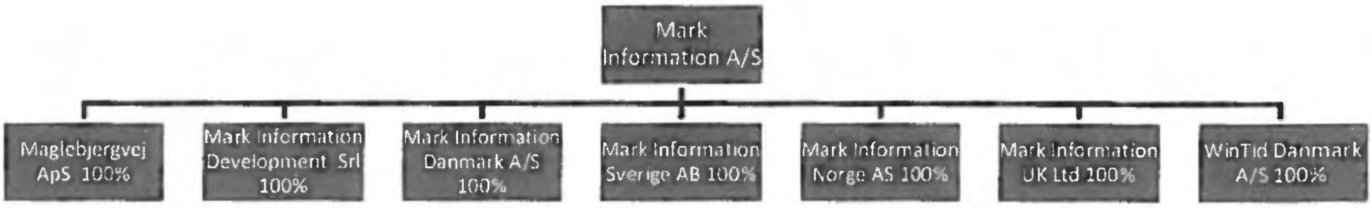
Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Bank

Nordea Danmark, filial af Nordea Bank AB (publ), Sverige
Vesterbrogade 8, 1620 København V.

GROUP STRUCTURE



STATEMENT BY THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

The board of directors and the executive board have today considered and approved the annual report of Mark Information A/S for the financial year 1 January 2017 - 31 December 2017.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for the annual reports of reporting class B entities. The parent company financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the accounting policies applied are appropriate, and the consolidated financial statements and parent company financial statements give a true and fair view of the group's and the parent company's assets, liabilities and financial position at 31 December 2017 and of the results of the group's and the parent company's operations and the group's cash flows for the financial year 1 January 2017 - 31 December 2017.
In our opinion, Management`s Review includes a true and fair account of the matters addressed in the Review.

We recommend the adoption of the annual report at the annual general meeting.

Kgs. Lyngby, 22nd March 2018

Executive Board

Torkel Baden Olrik	Henrik Trolle	Michael Dupont Fischer
Morten Lassen Janum	Klaus Parmo Jensen	Bo Køhlert

Board of Directors

Erik Kjeld Kjær Chairman	Flemming Poulfelt	Arve Johan Andresen

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Mark Information A/S

Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2017 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2017 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2017 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Mark Information A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as statement of comprehensive income and cash flow statement for the Group ("financial statements").

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 Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

INDEPENDENT AUDITOR'S REPORT

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the over-ride of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Copenhagen, 22nd March 2018
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Gert Fisker Tomczyk
State Authorised Public Accountant
mne9777

Henrik Y. Jensen
State Authorised Public Accountant
mne35442

GROUP FINANCIAL HIGHLIGHTS

Key figures

DKK 1,000	IFRS 2017	IFRS 2016	IFRS 2015	IFRS 2014	ÅRL 2013
Profit					
Net revenue	58,086	57,312	57,128	56,439	54,460
Gross profit	49,989	49,556	48,775	48,152	47,880
EBITDA	5,507	6,931	7,469	6,980	9,354
EBIT	3,814	5,335	5,739	4,729	6,868
Net financial expenses	-378	-397	-377	-345	-543
Profit for the year	2,836	3,750	3,771	3,386	4,591
Balance sheet					
Total assets	62,610	53,886	53,066	51,972	52,609
Investments in tangible assets	1,117	1,353	2,046	1,120	637
Equity	34,646	33,875	32,540	29.820	26.718

Key ratios

	IFRS 2017	IFRS 2016	IFRS 2015	IFRS 2014	ÅRL 2013
Profitability					
Return on equity (ROE)	8,3%	11,3%	12,1%	12,0%	17,6%
Gross margin	86,1%	86,5%	85,4%	85,3%	87,9%
Operating margin	6,5%	9,3%	10,0%	8,4%	12,6%
Solvency					
Solvency ratio	55,3%	62,9%	61,3%	57,4%	50,8%
Other					
Average number of full time employees	48	45	42	41	38

Definition of key ratios

Return on equity: $\frac{\text{Profit after tax} * 100}{\text{Average equity}}$

Gross margin: $\frac{\text{Gross profit} * 100}{\text{Net revenue}}$

Operating margin: $\frac{\text{Operating profit} * 100}{\text{Net revenue}}$

Solvency ratio: $\frac{\text{Equity} * 100}{\text{Total assets}}$

Main activity

Mark Information is an innovative software company offering Workforce Management solutions from offices in Denmark, Sweden, Norway, the UK and Romania.

Mark Information's Workforce Management solution - ProMark - helps customers improve productivity and reduce costs by allocating the right resources to the right project at the right time and ensures that resources are remunerated correctly and efficiently.

Mark Information provides services to global businesses and has more than 1,000 installations and more than 300,000 users.

Financial performance in 2017 and outlook for 2018

In 2017, Mark Information realised a result below the level with previous year. The revenue increased with 1,3%, but investment in the organisation and R&D resulted in the decrease of the result.

The income statement for 2017 shows a profit of DKK 2,836 thousand against DKK 3,750 thousand in 2016. The decrease in the profit for the year relative to last year can mainly be attributed to higher external cost.

The balance sheet at 31. December 2017 shows equity of DKK 34,646 thousand, equivalent to an equity ratio of 55,3%, against DKK 33,875 thousand at 31 December 2016, equivalent to an equity ratio of 62,9%.

Management considers the profit for the year to be fair.

For 2018, we expect further development of ProMark as well as growth in revenue and profits and a higher level of activity.

Significant events after the balance sheet date

There have not been any significant events taking place after the closing date, which have influence on the financial statement as of 31st December 2017.

CONSOLIDATED INCOME STATEMENT AND STATEMENT OF OTHER COMPREHENSIVE INCOME

(DKK 1,000)	Note	2017	2016
Net revenue	3	58,086	57,312
Direct cost		-8,097	-7,756
GROSS PROFIT		**49,989**	**49,556**
Other external expenses		-13,706	-11,909
Staff cost	4	-30,776	-30,716
OPERATING PROFIT BEFORE AMORTISATION		**5,507**	**6,931**
Amortisation and depreciation	5	-1,693	-1,596
OPERATING PROFIT		**3,814**	**5,335**
Financial income	6	58	0
Financial expenses	7	-437	-397
PROFIT BEFORE TAX		**3,436**	**4,937**
Tax on profit for the year	8	-600	-1,187
PROFIT FOR THE YEAR		**2,836**	**3,750**

Consolidated statement of other comprehensive income:

Profit for the year	2,836	3,750
Items that will be reclassified to income statement when certain conditions are meet:		
Currency translation differences, foreign enterprises	-65	-85
TOTAL OTHER COMPREHENSIVE INCOME	**-65**	**-85**
TOTAL COMPREHENSIVE INCOME	**2,771**	**3,665**
Total comprehensive income is attributable to:		
Shareholders of Mark Information A/S	2,771	3,665
Non-controlling interest	0	0
Total	2,771	3,665

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CONSOLIDATED BALANCE SHEET

ASSETS

(DKK 1,000)	Note	2017	2016
Software, rights & contracts		7,890	1,255
Goodwill		26,367	26,367
INTANGIBLE ASSETS	**9,10**	**34,257**	**27,622**
Land and buildings		13,375	13,207
Operating equipment		1,911	2,252
PROPERTY, PLANT AND EQUIPMENT	**11**	**15,286**	**15,460**
Other receivables		76	80
RECEIVABLES		**76**	**80**
NON-CURRENT ASSETS		**49,619**	**43,162**
INVENTORIES	**12**	**1,974**	**2,084**
Trade receivables	13	8,322	6,361
Corporation tax receivable from group enterprises		0	603
Other receivables		47	261
Prepayments		1,146	945
RECEIVABLES		**9,514**	**8,170**
CASH		**1,503**	**470**
CURRENT ASSETS		**12,991**	**10,724**
TOTAL ASSETS		**62,610**	**53,886**

CONSOLIDATED BALANCE SHEET

EQUITY AND LIABILITIES

(DKK 1,000)	Note	2017	2016
Share capital		2,000	2,000
Reserve for foreign-exchange adjustments		-263	-198
Retained earnings		30,409	30,073
Proposed dividend for the year		2,500	2,000
EQUITY	**14**	**34,646**	**33,875**
Provisions for deferred tax	8	1,456	71
Credit institutions	15	10,806	7,942
TOTAL NON-CURRENT LIABILITIES		**12,262**	**8,014**
Credit institutions	15	8,496	5,167
Trade payables		2,685	2,526
Corporate tax		159	0
Other payables		4,061	4,005
Deferred income		302	301
TOTAL CURRENT LIABILITIES		**15,702**	**11,998**
TOTAL LIABILITIES		**27,964**	**20,012**
TOTAL EQUITY AND LIABILITIES		**62,610**	**53,886**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(DKK 1,000)	Share capital	Reserve for foreign-exchange adjustments	Retained earnings	Proposed dividend for the year	Total
Equity 1. January 2017	2,000	-198	30,073	2,000	33,875
Profit for the year	0	0	336	2,500	2,836
Other comprehensive income	0	-65	0	0	-65
Total comprehensive income	**0**	**-65**	**336**	**2,500**	**2,771**
Transactions with owners:					
Dividend paid	0	0	0	-2,000	-2,000
Transactions with owners	**0**	**0**	**0**	**-2,000**	**-2,000**
EQUITY 31. DECEMBER 2017	**2,000**	**-263**	**30,409**	**2,500**	**34,646**

Financial year 2016

(DKK 1,000)	Share capital	Reserve for foreign-exchange adjustments	Retained earnings	Proposed dividend for the year	Total
Equity 1. January 2016	2,000	-113	28,653	2,000	32,540
Profit for the year	0	0	1,750	2000	3,750
Other comprehensive income	0	-85	0	0	-85
Total comprehensive income	**0**	**-85**	**1,750**	**2,000**	**3,665**
Transactions with owners:					
Sales of treasury shares	0	0	-331	0	-331
Dividend paid	0	0	0	-2,000	-2,000
Transactions with owners	**0**	**0**	**-331**	**-2,000**	**-2,331**
EQUITY 31. DECEMBER 2016	**2,000**	**-198**	**30,073**	**2,000**	**33,875**

CONSOLIDATED CASH FLOW STATEMENT

(DKK 1,000)	Note	2017	2016
Operating profit		3,814	5,335
Depreciation and amortisation		1,693	1,596
Adjustments for non-cash items		-79	-105
CASH FLOW FROM OPERATING PROFIT		**5,428**	**6,826**
Change in inventories		110	-176
Change in trade receivables		-1,960	1,602
Change in receivables from group enterprises		0	89
Change in other receivables and prepayments		13	-578
Change in prepayments from customers		0	-206
Change in trade payables		160	187
Change in other payables and deferred income		57	414
CHANGE IN WORKING CAPITAL		**-1,621**	**1,332**
CASH FLOW BEFORE FINANCIALS & TAX		**3,807**	**8,158**
Financial income received		56	0
Financial cost paid		-437	-146
Paid taxes		-79	-2,682
FINANCIALS AND TAX		**-460**	**-2,828**
CASH FLOW FROM OPERATING ACTIVITIES		**3,347**	**5,331**
Purchase of tangible assets		-1,117	-1,838
Purchase of intangible assets		-5,898	-1,353
Sales of operating equipment		507	0
CASH FLOW FROM INVESTING ACTIVITIES		**-6,508**	**-3,191**
FREE CASH FLOW		**-3,161**	**2,140**
EXTERNAL FINANCING:			
Repayment of mortage loan		-298	-299
Repayment of long-term, bank debt		-48	-11
Repayment of lease, borrowings		-998	-794
Increase of long-term, bank debt		5,000	1,500
Finance lease, borrowings		356	0
EXTERNAL FINANCING	16	**4,012**	**396**
SHAREHOLDERS:			
Dividends paid		-2,000	-2,000
Sales of treasury shares		0	-331
CASH FLOW FROM FINANCING ACTIVITIES		**2,012**	**-1,935**
CASH FLOW FOR THE YEAR		**-1,149**	**205**
Cash and cash equivalents 1. January		-3,467	-3,672
CASH AND CASH EQUIVALENTS 31. DECEMBER		**-4,615**	**-3,467**
Cash at year end can be specified as:			
Cash		1,503	470
Short term debt to credit institutions		-6,118	-3,937
Total		**-4,615**	**-3,467**

List of notes

1. Accounting policies

Mark Information A/S is a public limited company domiciled in Denmark. The consolidated financial statements for 2017 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for the annual reports of reporting class B entities, cf. the Danish Executive Order on Adoption of IFRSs issued pursuant to the Danish Companies Act.

The consolidated financial statements are presented in Danish kroner (DKK), which is the presentation currency of the group and the functional currency of the parent company.

New standards and interpretations

The Group have with effect from 1. January 2017 implemented the following standards and interpretations:

IFRS 7, reconciliation of financing activity

Annual improvements (2014-2016).

Consolidated financial statements

The consolidated financial statements comprise the financial statements of Mark Information A/S (the parent company) and entities (subsidiaries) controlled by the parent company.

The consolidated financial statements are prepared on the basis of the financial statements of Mark Information A/S and its subsidiaries. The consolidated financial statements are prepared by combining financial statement items of a uniform nature, determined in accordance with the group's accounting policies.

On consolidation, intra-group income and expenses, intra-group balances and dividends as well as gains and losses on transactions between consolidated entities are eliminated.

Business combinations

Newly acquired or newly established entities are recognised in the consolidated financial statements from the date of acquisition or establishment. The date of acquisition is the date when control of the entity actually passes to the group. Entities sold or discontinued are recognised in the consolidated statement of comprehensive income up to the date of disposal or discontinuance.

Acquisitions in which the group gains control of the acquiree are accounted for applying the purchase method, under which identifiable assets, liabilities and contingent liabilities acquired are measured at fair value at the date of acquisition. Restructuring costs are only recognised in the pre-acquisition balance sheet if they constitute a liability for the acquiree. The tax effect of the revaluation made is provided for.

The consideration paid for an entity is stated as the fair value of the consideration paid. If the final determination of the consideration is contingent on one or more future events, these are recognised at fair value at the date of acquisition. Costs attributable to the business combination are recognised in the income statement as incurred.

Any excess of the consideration paid for an acquiree over the fair value of the acquired assets, liabilities and contingent liabilities (goodwill) is recognised under intangible assets and tested for impairment at least once a year. If the carrying amount of the asset exceeds its recoverable amount, the asset is written down to the lower recoverable amount.

In case of negative differences (negative goodwill), the calculated fair values and the calculated consideration paid for the entity are reassessed. If the difference is still negative, the difference is recognised as income in the income statement.

Acquisition of subsidiaries in 2017.

On April 1st Mark Information A/S acquired Dansk Tidskontrol A/S, who prior to the acquisition had sold out activities not related with the product Wintid Danmark A/S. The company was at the date of acquisition renamed to WinTid Danmark A/S.

About Wintid Danmark A/S

Wintid Danmark A/S is a DK based provider of workforce management solutions (WinTid). Wintid Danmark /S employ 3 employees and serves approx. 75 customers.

The financial impact from this acquisition is specified in note 21.

Foreign currency translation

On initial recognition, transactions denominated in currencies other than the individual entity's functional currency are translated at the exchange rate ruling 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 at the exchange rate at the balance sheet date. Exchange differences between the exchange rate at the transaction date and the exchange rate at the date of payment or the balance sheet date, respectively, are recognised in the income statement under financial items. Property, plant and equipment and intangible assets, inventories and other non-monetary assets acquired in foreign currency and measured based on historical cost are translated at the exchange rate at the transaction date.

Exchange differences arising on the translation of foreign entities' opening balance sheet items to the exchange rates at the balance sheet date and on the translation of income statements from average exchange rates to exchange rates at the balance sheet date are recognised in other comprehensive income. Similarly, exchange differences arising as a result of changes made directly in the equity of the foreign entity are also recognised in other comprehensive income.

Tax

The tax for the year, which includes the year's current tax and changes in deferred tax, is recognised in the income statement as regards the portion attributable to the tax for the year and directly in equity or other comprehensive income as regards the portion attributable to items under equity or other comprehensive income.

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

The current tax charge for the year is calculated based on the tax rules and rates applicable at the balance sheet date.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to the initial recognition of goodwill or the initial recognition of a transaction, apart from business combinations, and where the temporary difference existing at the date of initial recognition affects neither profit/loss for the year nor taxable income. Deferred tax is calculated based on the planned use of the individual asset or the planned settlement of the individual liability, respectively.

Deferred tax is measured using the tax rules and tax rates that are expected to apply in the respective countries when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax resulting from changed tax rules or tax rates are recognised in profit or loss, unless the deferred tax is attributable to transactions previously recognised directly in equity or in other comprehensive income. In the latter case, the change in deferred tax is also recognised directly in equity or in other comprehensive income.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised in the balance sheet at the value at which the asset is expected to be realised, either through a set-off against deferred tax liabilities or as net tax assets to be offset against future positive taxable income. At each balance sheet date, it is assessed whether it is likely that there will be sufficient future taxable income for the deferred tax asset to be utilised.

The group is part of a joint taxation group. Current Danish income tax is allocated among the jointly taxed Danish entities according to their taxable income.

Statement of comprehensive income

Revenue

Revenue from sales of standard software licenses is recognized at the time of delivery provided the delivery of standard software does not depend on client acceptance of its functionality. If there is a requirement for client acceptance of functionality, the license revenue is recognized at the time of acceptance.

The total contract sum is allocated to the separate components of those contracts which comprise several components. The individual allocations are recognized according to the principles herein described:

Revenue from fixed fee special developed software projects is recognized at the time of delivery.

Revenue from maintenance agreements is recognized on a straight-line basis over the contract period.

License revenue under fixed term license agreements and revenue from subscription agreements are recognized on a straight-line basis over the terms of the related agreements.

Professional service fees sold on a time and Materials basis are recognized as and when the work is performed.

NOTES

Revenue from the sale of hardware products is recognized in the income statement if delivery and transfer of risk to the buyer have taken place before year-end.

Other revenue, such as revenue from training courses and hosting activities, is recognized when the services have been delivered.

External expenses
Other external expenses comprise expenses incurred for marketing, administration, premises, bad debts, rental expenses under operating leases, etc.

Staff costs
Staff costs comprise wages and salaries and social security costs, pensions, etc. for the employees of the group.

Amortisation and depreciation
Amortisation of intangible assets and depreciation of property, plant and equipment is made to systematically distribute the asset's cost over its expected useful life. The group applies the following useful lives and residual values:

	Useful life	Residual value (%)
Completed development projects	7 years	0%
Acquired rights & contracts	3 - 15 years	0%
Buildings	50 years	0%
Other fixtures and fittings, tools and equipment	3 - 5 years	0-30%

Land is not depreciated.

Amortisation/depreciation methods, useful lives and residual values are reassessed annually.

Net financials
Financial income and expenses comprise interest income and expenses, the interest element of finance lease payments and realised and unrealised exchange gains on transactions in foreign currency.

Amortisation of exchange losses and borrowing costs relating to financial assets and liabilities is recognised in the income statement as financial expenses or financial income.

Balance sheet

Goodwill

On initial recognition, goodwill is measured and recognised as the excess of the cost of the acquire over the fair value of the acquired assets, liabilities and contingent liabilities, as described in the section on business combinations.

On recognition of goodwill, the goodwill amount is allocated to those of the group's activities that generate separate cash flows (cash-generating units). The determination of cash-generating units is based on the group's management structure and internal financial management and reporting.

Goodwill is not amortised, but is tested for impairment at least once a year, cf. the section on impairment of assets below.

Other intangible assets

Intangible assets are measured at the lower of cost less accumulated amortisation and recoverable amount, cf. the section on impairment of assets below.

Development projects are recognised in the balance sheet when the projects aim to develop a specific product or a specific process which the group intends to make or use in its production and the development costs relating to individual projects can be measured reliably. On initial recognition, development projects are measured at cost. The cost of development projects includes costs such as wages and amortisation that are directly attributable to the development projects and are necessary to complete the project, calculated from the date when the development project first qualifies for recognition as an asset. Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

Development projects are written down to their recoverable amount where this is lower than the carrying amount, cf. the section on impairment of assets below. Development projects in progress are tested for impairment at least once a year.

Property, plant and equipment

Items of property, plant and equipment are measured at the lower of cost less accumulated depreciation and recoverable amount.

Cost comprises the purchase price, any costs directly attributable to the acquisition and any preparation costs incurred until the date when the asset is available for use. For assets held under finance leases, the cost is the lower of the fair value of the asset and the present value of future minimum lease payments. After initial recognition, assets held under finance leases are recognised and measured like other items of property, plant and equipment.

Items of property, plant and equipment are written down to their recoverable amount where this is lower than the carrying amount, cf. the section on impairment of assets below.

Gains or losses on disposal of property, plant and equipment are stated as the difference between the selling price less costs to sell and the carrying amount at the date of disposal.

Non-current financial assets
Other receivables recognised under non-current financial assets include deposits and are measured at the lower of cost and recoverable amount.

Impairment of assets
The carrying amounts of property, plant and equipment and intangible assets with definite useful lives are reviewed for impairment once a year. If indications of impairment are identified, the recoverable amount of the asset is determined to assess whether an impairment loss should be recognised and the amount of such impairment loss.

The recoverable amount of development projects in progress and goodwill is computed annually regardless of whether any indication of impairment has been identified.

If the asset does not generate any cash flows independently of other assets, the recoverable amount is calculated for the smallest cash-generating unit of which the asset forms part.

Recoverable amounts are calculated as the higher of the fair value less costs to sell and the value in use of the asset or the group of assets, respectively. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from disposal at the end of its useful life.

If indications of impairment are identified, each asset or group of assets is tested for impairment. If the recoverable amount of the asset is lower than the carrying amount, the carrying amount is reduced to the recoverable amount. For cash-generating units, the impairment loss is allocated in such a way that goodwill amounts are written down first, following which any remaining impairment loss is allocated to the other assets of the unit. However, the carrying amount of an asset is not reduced below its fair value less expected costs to sell.

Impairment losses are recognised in the income statement. If impairment losses are subsequently reversed as a result of changes in the estimates used to determine the recoverable amount, the carrying amount of the asset or the group of assets is increased to the adjusted recoverable amount. However, the carrying amount is not increased above the carrying amount that would have been determined had no impairment loss been recognised for the asset or group of assets in prior years. Impairment losses recognised for goodwill are not reversed.

Fair value
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Inventories
Inventories are measured at the lower of cost under the FIFO method and net realisable value. The cost of goods for resale, raw materials and consumables is calculated as the acquisition price plus costs directly related to the acquisition.

The net realisable value of inventories is calculated as the expected selling price less completion costs and costs incurred in making the sale. The value is determined taking into account marketability, obsolescence and developments in the expected selling price.

Receivables
Receivables comprise trade receivables and other receivables. Receivables are classified as loans and receivables, which are financial assets with fixed or determinable payments that are not quoted in an active market and are not derivative financial instruments.

On initial recognition, receivables are measured at fair value and subsequently at amortised cost, which usually corresponds to the nominal value less provisions for bad debts.

Provisions for bad debts are determined based on an individual assessment of each receivable.

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

Dividend
Dividends are recognised as a liability when approved by the shareholders at the annual general meeting.

Treasury shares
Acquisition and sales sums arising on the purchase and sale of treasury shares and dividends on treasury shares are recognised directly in retained earnings under equity.

Liabilities
Non-current liabilities comprise mortgage debt and leasing debt. Mortgage debt is measured at cost at the date when the debt was incurred. The liabilities are subsequently measured at amortised cost, which means that the difference between the proceeds at the time of borrowing and the repayable amount is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Residual lease liabilities concerning assets held under finance leases are recognised in the balance sheet as liabilities and measured at the inception of the lease at the lower of the fair value of the leased asset and the present value of future lease payments. On subsequent recognition, lease liabilities are measured at amortised cost. The difference between the present value and the nominal value of the lease payments is recognised in the income statement over the term of the lease as a financial expense.

Other financial liabilities comprise bank debt, trade payables and other payables to public authorities, etc.

On initial recognition, other financial liabilities are measured at fair value less any transaction costs. In subsequent periods, the liabilities are measured at amortised cost, applying the effective interest method, to the effect that the difference between the proceeds and the nominal value is recognised in the income statement as financial expenses over the term of the loan.

Deferred income
Deferred income is income received for 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.

The cash effect of acquisitions and divestments of entities is shown separately under cash flows from investing activities. The cash flow statement includes cash flows from acquired entities from the date of acquisition and cash flows from divested companies until the time of divestment.

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 as well as financial income, financial expenses and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of entities and financial assets as well as acquisition, development, improvement and sale of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the parent company's share capital and related costs as well as the raising and repayment of loans, instalments on interest-bearing debt, acquisition and disposal of treasury shares and payment of dividends.

Cash flows in currencies other than the functional currency are recognised in the cash flow statement by using average exchange rates for the months under review, unless they deviate significantly from the actual exchange rates at the transaction dates.

Cash and cash equivalents comprise cash less bank overdrafts that are an integral part of the cash management.

2. Significant accounting estimates and judgements

In preparing the consolidated financial statements, management makes several significant accounting estimates and judgements that affect the carrying amounts of assets, liabilities, income, costs and cash flows as well as the presentation of these items.

Accounting estimates reflect management's best estimates of items whose measurement is associated with uncertainty, typically because the estimate is based on assumptions regarding future events. Accounting estimates are based on historical experience and other assumptions which management considers relevant but which are inherently subject to uncertainty, and actual results may thus differ from the estimates made. Estimates are reviewed on a current basis, and the effect of any changes made is recognised in the consolidated financial statements.

Accounting judgements reflect decisions made by management concerning the use of accounting policies in specific situations where the accounting treatment depends on qualitative assessments, for instance as to when risk passes to the buyer or how to present a transaction or an item so as to ensure that reliable and relevant information is provided.

The following accounting estimates and judgements have had the most significant effect on the consolidated financial statements for 2017:

Customer contracts

Customer relationships have been measured using the excess earnings method, in which the present value of future cash flows from recurring customers expected to be retained after the date of acquisition is valued. The main input value drivers are estimated future net cash flows of the acquired customer base. These have been estimated based on management's analysis of the acquired customer base, historical data and general business insights. The useful life of customer relationships is estimated at 15 years.

Goodwill

Determining whether goodwill is impaired requires a calculation of the value in use of the cash-generating units to which goodwill amounts have been allocated. Calculating the value in use assumes that an estimate of future cash flows in the individual cash-generating unit has been made and that a reasonable discount rate has been determined. These estimates are associated with some degree of uncertainty, and changes in estimates may significantly affect the consolidated financial statements. For a description of the assumptions, discount rates, etc. used, please see note 10.

Carrying amount as at 31.12.17: DKK 26,367 thousand (31.12.16 DKK 26,367 thousand)

(DKK 1,000)

3. NET REVENUE

Activities	2017	2016
Sales of goods	14,850	14,554
Sales of services	43,235	42,758
TOTAL	**58,086**	**57,312**

4. STAFF RELATIONS

	2017	2016
Wages and salaries	26,571	26,280
Defined contribution plans	1,139	1,056
Other social security costs	1,602	1,659
Other staff related cost	1,463	1,720
TOTAL	**30,776**	**30,716**
Average number of employees	48	45

These amounts include remunerations to key management personnel:

Financial year 2017	Parent companys board	Parent companys directors	Other key manage-ment personnel
Wages, and fees	190	5,105	0
Defined contribution plans	0	248	0
TOTAL	**190**	**5,353**	**0**

Financial year 2016	Parent companys board	Parent companys directors	Other key manage-ment personnel
Wages, and fees	190	5,074	477
Defined contribution plans	0	218	13
TOTAL	**190**	**5,292**	**490**

NOTES

(DKK 1,000)

5. AMORTISATION AND DEPRECIATION	2017	2016
Amortisation, development projects	0	490
Amortisation of other intangible assets	849	192
Depreciation of property, plant and equipment	844	914
AMORTISATION AND DEPRECIATION	**1,693**	**1,596**

In amortisation of other intangible rights, is included DKK 250 thousand related to acquired rights in business acquisition.

6. FINANCIAL INCOME	2017	2016
Interest income	0	0
Net foreign exchange gains	58	0
FINANCIAL INCOME	**58**	**0**

7. FINANCIAL EXPENSES	2017	2016
Interest costs, banks and credit institutes	364	164
Other interest costs	72	101
Net exchange rate loss	0	132
FINANCIAL EXPENSES	**437**	**397**

(DKK 1,000)

8. CORPORATE TAX	2017	2016
Tax on profit for the year	803	1,159
Change in deferred tax	-203	133
Tax adjustment relating to previous year	0	-105
TAX FOR THE YEAR	**600**	**1,187**

Tax of the years continued activities	2017	2016
Calculated tax 22%	756	1,086
Effect from change in tax rate in Denmark	0	-7
Tax effect from non-deductable cost	4	5
Tax effect from unrecognized tax losses	-160	208
Tax adjustment relating to previous year	0	-105
Tax	**600**	**1,187**
Effective tax rate	**17.5%**	**24.0%**

PROVISIONS FOR DEFERRED TAX	2017	2016
Deferred tax 1. january	71	-67
Change in deferred tax	-203	133
Change in deferred tax, business combinations (note 21)	1,586	0
Other adjustments	2	5
PROVISION FOR DEFERRED TAX	**1,456**	**71**

Specification of deferred tax	2017	2016
Intangible assets	1,736	276
Tangible assets	-185	-173
Tax losses from previous years	-1,249	-1,327
Current assets	0	0
Re-taxation account from joint taxation	1,154	1,154
Unrecognized items, net	0	141
PROVISIONS FOR DEFERRED TAX	**1,456**	**71**

Provisions for deferred tax recognized in the balance sheet:	2017	2016
Deferred tax assets	-495	-165
Deferred tax obligations	1,951	236
PROVISIONS FOR DEFERRED TAX	**1,456**	**71**

(DKK 1,000)

9. INTANGIBLE FIXED ASSETS	Completed development projects	Software Rights & Contracts	Goodwill
Financial year 2017			
Cost as at 1/1-2017	1,951	5,722	26,367
Additions	0	7,484	0
Disposal	0	0	0
Cost as at 31/12-2017	**1,951**	**13,206**	**26,367**
Amortisation and impairment losses as at 1/1-2017	1,951	4,467	0
Amortisation during the year	0	849	0
Amortisation of assets disposed of	0	0	0
Amortisation and and impairment as at 31/12-2017	**1,951**	**5,316**	**0**
CARRYING AMOUNT AS AT 31/12-2017	**0**	**7,890**	**26,367**
Financial year 2016			
Cost as at 1/1-2016	8,680	5,875	26,367
Additions	0	1,353	0
Disposal	-6,729	-1,506	0
Cost as at 31/12-2016	**1,951**	**5,722**	**26,367**
Amortisation and impairment losses as at 1/1-2016	8,190	5,781	0
Amortisation during the year	490	192	0
Amortisation of assets disposed of	-6,729	-1,506	0
Amortisation and and impairment as at 31/12-2016	**1,951**	**4,467**	**0**
CARRYING AMOUNT AS AT 31/12-2016	**0**	**1,255**	**26,367**

(DKK 1,000)

10. IMPAIRMENT TEST - GOODWILL

Goodwill arising in connection with acquisitions is allocated at the date of acquisition to the cash-generating unit(s) expected to obtain economic benefits from the business combination. The group consists of one cash-generating unit, to which goodwill has been allocated. Goodwill is tested for impairment at least once a year and more frequently if there are indications of impairment.

The recoverable amount is determined as the value in use, calculated on the basis of 5-year budgets and forecasts approved by the board of directors. For financial years after the budget periods (terminal period), cash flows in the latest budget period have been projected using the expected growth rate.

The group's budgets and forecasts for the next five years, and thus the recoverable amounts of the cash-generating unit, are significantly affected by management's growth expectations for the period until 2022.

The growth rate of 1% is based on the company's CAGR for the last four years.
The growth rate is furthermore in line with the market growth of work force management systems, in previously years, in accordance with Gartner research group. However, there are no single workforce management software market, so the growth within the specific market is difficult to define, however growth has previously been at a level of 1,3% within the last 4-5 years.

The assumption for the profitability is based on historical data, which shows a very high consistency in gross margin.

The most important assumptions used to calculate recoverable amounts are:

	2017	2016
Average yearly increase in revenue in the 5-year budget period	1%	2%
Discount rate	7%	7%
Growth in the terminal period	0,5%	0,5%

Sensitivity:

Management assessment is, that a reasonable possible change in the key assumptions, will not lead to impairment.

(DKK 1,000)

11. PROPERTY, PLANT & EQUIPMENT	Land & buildings	Operating equipment & furniture
Financial year 2017		
Cost as at 1/1-2017	15,227	4,639
Additions	361	756
Disposals	0	-1,095
Exchange rate adjustments	0	-29
Cost as at 31/12-2017	**15,588**	**4,271**
Depreciation as at 1/1-2017	2,020	2,387
Depreciation during the year	193	651
Reversal related to disposals	0	-666
Exchange rate adjustments	0	-12
Depreciation as at 31/12-2017	**2,213**	**2,360**
CARRYING AMOUNT AS AT 31/12-2017	**13,375**	**1,911**
Carrying amount of leased assets		1,450

Financial year 2016		
Cost as at 1/1-2017	13,819	5,560
Additions	1,408	430
Disposals	0	-1,319
Exchange rate adjustments	0	-32
Cost as at 31/12-2016	**15,227**	**4,639**
Depreciation as at 1/1-2016	1,827	2,715
Depreciation for the year	193	722
Reversal related to disposals	0	-1,036
Exchange rate adjustments	0	-14
Depreciation as at 31/12-2016	**2,020**	**2,387**
CARRYING AMOUNT AS AT 31/12-2016	**13,207**	**2,252**
Carrying amount of leased assets		2,068

(DKK 1,000)

12. INVENTORIES	2017	2016
Finished goods and goods for resale	1,974	2,084
Write-downs of inventory during the year	-89	-144

The entire inventory is expected to be sold within a period of 12 months from closing date.

13. TRADE RECEIVABLES	2017	2016
Receivables from sale of goods and services	6,069	6,035
Accrued income	2,345	489
Provisions for bad debt	-92	-162
TRADE RECEIVABLES	**8,322**	**6,361**

Provisions for bad debt is recognized in the income statement when the value based on an individual assessment of the debtor's ability to pay is impaired. The provision as at 31.12.17 means that receivables are measured at expected net realizable value.

	2017	2016
Provisions for bad debt as at 01.01.2017	162	332
Provision made in the year	3	67
Actual loss	0	97
Reversed provisions	-73	-334
PROVISIONS AS AT 31.12.2017	**92**	**162**

Due but not impaired receivables:	2017	2016
Due below 30 days	1,487	1,027
From 31 - 60 days	361	247
Above 60 days	1,107	1,004
TOTAL	**2,955**	**2,278**

(DKK 1,000)

14. EQUITY

Capital management

The group assesses the potential for optimising its capital structure on a current basis, the overall goal being to maintain a capital structure that supports long-term growth while at the same time maximising returns for owners. The group's overall strategy is unchanged relative to last year. The target for the equity ratio is 30-40%. At 31 December 2017, the equity ratio was 55,3% (31 December 2016: 62,9%). The target for the return on equity is 15-20%. The return on equity for 2017 was 8,3% (2016: 11,3%). The company is focusing to increase profitability in its foreign subsidiaries to meet the target of 15-20% return on equity. It is company policy to distribute the main part of profits after tax for each year, taking into consideration the company's financial position, interests and strategy. Treasury shares are only traded in connection with partners' joining and retiring from the company.

Dividend

It is recommended that ordinary dividend of DKK 2,500 thousand is paid for 2017, corresponding to a dividend of DKK 1 thousand per share. At the annual general meeting on 27th March 2017, it was decided to distribute dividend of DKK 2,000 thousand for 2016, corresponding to a dividend of DKK 1 thousand per share. The distribution of dividend has no tax implications for the company or the group.

Other reserves

The reserve for foreign-exchange adjustments comprises all foreign-exchange adjustments arising on the translation of financial statements of entities with a functional currency other than Danish kroner and foreign-exchange adjustments relating to assets and liabilities that are part of the group's net investment in such entities. In connection with the transition to IFRS, the reserve was set at DKK 0 thousand at 1 January 2013.

(DKK 1,000)

14. EQUITY (continued)

Share capital	2017	2016	2017	2016
	Number of shares		Nominel value	
Issued shares, 1. January	2.000	2.000	2.000	2.000
Issued shares, 31. December	2.000	2.000	2.000	2.000

The shares are divided into 3 classes with special voting rights:

	2017	2016	2017	2016
	Number of shares		Voting rights	
Shares in class A	1.400	1.400	10	10
Shares in class B	400	400	1	1
Shares in class C	200	200	None	None
Total	2.000	2.000		

(DKK 1,000)

15. CREDIT INSTITUTIONS

	2017	2016
Mortgage loan	5,287	5,586
Leasing debt	1,455	2,097
Bank debt, long-term	6,442	1,490
Short term debt	-2,378	-1,230
Long-term debt	**10,806**	**7,942**
Bank debt, short-term	6,118	3,937
Short term part of long term debt	2,378	1,230
Short-term debt	**8,496**	**5,167**

The interest rate on mortage and leasing debt is fixed with below rates.
Besides the interest on the mortage loan the credit institution charge a fee of 1,75% p.a.

Financial year 2017	Interest	Currency	Duration years	Carrying amount
Mortage loan (fixed interest rate until 01.04.18)	0.29%	DKK	17	5,287
Bank debt, long-term	2,5%	DKK	3	5,000
Bank debt, long-term	2,5%	DKK	19	1,442
Leasing debt	1,5-3,5%	DKK/SEK/NOK	1-2	1,455
				13,184

The fair value of mortage loans (level 2) amounts to DKK 5,298 thousand (2016: DKK 5,628 thousand). The fair value of other financial liabilities (level 2) measured at amortised cost does not differ significantly from carrying amount.

Financial year 2016	Interest	Currency	Duration years	Carrying amount
Mortage loan (fixed interest rate until 01.04.18)	0.29%	DKK	18	5,586
Bank debt, long-term	2,5%	DKK	20	1,490
Leasing debt	1,5-3,5%	DKK/SEK/NOK	2-3	2,097
				9,173

16. DEBT OBLIGATIONS FROM FINANCING ACTIVITY

	1/1	Cashflow	31/12
Mortage loan	5,586	-298	5,287
Leasing debt	2,097	-642	1,455
Bank debt, long-term	1,490	4,952	6,442
DEBT OBLIGATIONS FROM FINANCING ACTIVITY	**9,172**	**4,012**	**13,184**

17. CONTINGENT LIABILITIES

The group's Danish entities are jointly taxed with Hantoc ApS and are, as from financial year 2013, subject to secondary and limited liability, together with the other jointly taxed entities, for the total income tax payable and for any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed entities.

18. COLLATERAL

As security for debts to mortgage credit institutions, DKK 5,362 thousand (31 December 2016: DKK 5,660 thousand), land and buildings with a carrying amount of DKK 13,292 thousand (31 December 2016: DKK 13,206 thousand) have been pledged.

As security for debts to credit institutions, DKK 8,447 thousand (31 December 2016: DKK 5,426 thousand), dividend distributions are subject to prior approval from the credit institution. The proposed dividend has been approved.

Finance lease liabilities are secured by the lessor's title to the assets.

19. FINANCIAL RISK & INSTRUMENTS

Risk management policy

The group's financial risks are managed by the executive board. The group has not laid down any specific policies for the identification and handling of risks. The management of the group's risks is part of the executive board's day-to-day monitoring of the group.

Interest rate risk

The group's property has been financed by a long-term mortgage loan with a fixed interest rate until 1 January 2019. The loan is with fixed interest rate for three years. Part of the group's other capital expenditure has been financed by finance leases with a fixed interest rate throughout the lease term. Additional financing information is provided by note 15.

The group's remaining funding requirements are covered by floating-rate bank loans.

Other things being equal, a change in market interest rates of 1 percentage point would increase next year's interest expenses by less than DKK 50 thousand.
In management's opinion, the group is not subject to any material interest rate risk and interest rate risks have therefore not been hedged.

Credit risk

The maximum credit risk associated with trade receivables is equal to the carrying amount. Disclosures on overdue trade receivables are provided by note 13.

The group carries out credit assessments of all customers and has laid down a fixed dunning procedure to ensure that bad debts are kept at a minimum. Consequently, losses incurred are limited.

Liquidity risk

The maturity dates of financial liabilities appear from the table below. All amounts are contractual cash flows, i.e. including interest (estimates in case of floating interest rates).

In management's opinion, the group is not exposed to any material liquidity risks insofar as its liquidity requirements are covered by existing financing agreements.

Financial year 2017

DKK1,000	Below 1 year	2-5 years	Above 5 years	Total
Mortage debt	410	1,640	4,100	6,150
Bank debt, long-term facilities	1,467	4,309	1,292	7,068
Financial leasing obligations	789	737	0	1,526
Bank debt	6,118	0	0	6,118
Trade payables	2,685	0	0	2,685
Other contractual debt	1,559	0	0	1,559
TOTAL	13,028	6,686	5,392	25,106

Financial year 2016

DKK1,000	Below 1	2-5 years	Above 5	Total
Mortage debt	413	1,664	4,814	6,891
Bank debt, long-term facilities	70	450	1,428	1,948
Financial leasing obligations	949	1,268	0	2,217
Bank debt	3,937	0	0	3,937
Trade payables	2,526	0	0	2,526
Other contractual debt	1,894	0	0	1,894
TOTAL	9,788	3,382	6,242	19,412

Other contractual debt comprises other debt, received prepayments, deferred income, excluding holiday accruals and VAT.

Currency risk

Besides Denmark, the group carries on business in Sweden, Norway and the UK. Foreign entities use their respective local currencies as functional currency. Future currency risks with respect to current operations are thus limited to net cash flows in the countries mentioned above.

20. LEASING

Finance leases – the Group as lessee

The Group has entered into finance leases regarding other equipment (cars). On expiry of the leases, the Group will acquire the cars at market value or a pre-agreed purchase price. The leased assets secure the lease obligations.

Accordingly, liabilities related to assets held under finance leases are included in lease obligations (note 15).

(DKK 1,000)	2017		2016	
	Minimum lease payments	Present value of minmum lease payments	Minimum lease payments	Present value of minmum lease payments
Within a year	789	751	949	899
Between two and five years	732	704	1,273	1,198
After five years	0	0	0	0
	1,521	1,455	2,222	2,097
Interest element	-66	-	-125	-
Present value of minimum lease payments	**1,455**	**1,455**	**2,097**	**2,097**

Under the terms of the leases, no contingent rents are payable.

The carrying amount of assets held under finance leases is stated in note 11.

20. LEASING (CONTINUED)

Operating leases – the Group as lessee

The Group leases properties, cars and other operating equipment under operating leases. The lease term is typically between one and four years with an option to extend on expiry.

Under the terms of the leases, no contingent rents are payable.

Lease payments under non-cancellable leases are as follows:

Leasing contracts from operational leasing. Total future lease obligations	2017	2016
Within a year	168	131
Between two and five years	268	0
After five years	0	0
	436	131
Expected residual amounts on expiry of the contracts	0	0

An amount of DKK 447 thousand has been recognised in the consolidated income statement for 2017 concerning operating leases (2016: DKK 484 thousand).

21. ACQUISTION OF SUBSIDIARIES

The Group assumed control of Wintid Danmark A/S at 1 April 2017 by taking over all shares. Wintid Danmark A/S develops and sells time recording systems. Through the acquisition, the Group has strengthened its position in the Danish market for workforce management.

Wintid Danmark A/S is included in revenue at DKK 2,132 thousand and in pre-tax profit at DKK 919 thousand for the period since the takeover on 1 April 2017.

Specification of the recognition of acquired assets and liabilities at the acquisition date.

(DKK 1,000)

	Recognized value at acquistion date
Trade receivables	55
Other receivables	1,194
Corporate income tax	-60
Other debt	-688
Net assets acquired	501
Customer contracts & rights	5,623
Acquisition remuneration	6,124
Deferred conditional purchase consideration	-623
Cash acquisition remuneration	**5,501**

The total acquisition price was thus DKK 6,124 thousand, and DKK 5,501 thousand was paid in cash.

In connection with the acquisition, the Group incurred transaction costs of about DKK 45 thousand for legal advice, which amount has been recognised in other external expenses, and other transaction costs of about DKK 50 thousand, which amount has been recognised in financial expenses in the consolidated income statement for 2017.

21. ACQUISTION OF COMPANIES (CONTINUED)

In connection with the acquisition, deferred tax liability of DKK 1,586 was recognized. The same value has been added the acquisition price for customer contracts.

The Group must pay additional consideration of up to DKK 1,073 thousand if the acquired company's income from software maintenance agreements for the period from the acquisition until 31 March 2018 is at or above DKK 2,024 thousand. At 31 December 2017, it is estimated that additional consideration of DKK 623 thousand will be payable. Accordingly, the Group has recognised DKK 623 thousand in financial liabilities.

Acquired assets include other receivables of DKK 1,194 thousand, which were settled immediately after the date of acquisition.

(DKK 1,000)

22. RELATED PARTIES AND OWNERSHIP RELATIONS

Controlling interest	**Background**
Hantoc ApS, Parkvaenget 39, 2920 Charlottenlund	Principal shareholder

Consolidated financial statement

Below companies are included in the consolidated financial statement:

Name	Location	Ownership
Mark Information Danmark A/S	Lyngby, Denmark	100% Subsidiary
Mark Information Sverige AB	Solna, Sweden	100% Subsidiary
Mark Information Norge AS	Oslo, Norway	100% Subsidiary
Mark Information UK Ltd	Leicester, United Kingdom	100% Subsidiary
Maglebjergvej 11 ApS	Lyngby, Denmark	100% Subsidiary
Wintid Danmark A/S	Lyngby, Denmark	100% Subsidiary
Mark Information Development Srl.	Bucharest, Romania	100% Subsidiary

Information about parent companies consolidated financial statements

Mark Information A/S is not included in upstream consolidated financial statements.

Transactions with key management personnel

Information about management renumeration appears in note 4. All trades of treasury shares have been with key management personnel. There has been no other transactions with key management personnel.

Transactions with other related parties.

Apart from dividend, sales of treasury shares and management renumeration, there has been below transactions with related parties.

	2017	2016
Services from parent company Hantoc ApS	357	372

23. EVENTS AFTER CLOSING DATE

The Group has entered into an agreement with a real estate agent for the sale of the Group's domicile property at Maglebjergvej 11, DK-2800 Lyngby, Denmark.

If the sale is realised in 2018, it is expected to have a positive impact on the profit/loss effect as well on cash flow. If a sale is recognised, it is expected to be leased back to the Group

24. APPROVAL OF THE ANNUAL REPORT FOR PUBLICATION

The Board of Directors has on board meeting March 22^{nd,} 2018 approved the present annual report for publication. The annual report is presented to Mark Information A/S' shareholders for approval at the Annual General Meeting on March 22^{nd,}2018.

25. NEW ACCOUNTING REGULATION

The Company implemented the following amended or new standards (IFRS) in financial year 2017:

The Group has implemented IFRS 7, and the requirement for reconciliation of financing activities is met by note 16

Annual Improvements (2014-2016). The annual improvements contain a number of minor amendments to IFRSs.

At the date of publication of this annual report, the ISAB has issued the following new and amended standards and interpretations, which are not mandatory for Mark Information A/S in the preparation of the annual report for 2017:

IFRS 9 Financial Instruments and subsequent amendments to IFRS 9, IFRS 7 and IAS 39

IFRS 15 Revenue from Contracts with Costumers

IFRS 16 Leases

IFRS 17 Insurance Contracts

IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture — Amendments to IFRS 10 and IAS 28

IFRS 15 Revenue from Contracts with Customers – Clarifications to IFRS 15

IFRS 2 Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2

IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – Amendments to IFRS 4

IAS 40 Transfers of Investment Property – Amendments to IAS 40

IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRIC 23 Uncertainty over Income Tax Treatments

Parts of Annual Improvements to IFRSs 2014-2016 Cycle

Of the above, IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases and related amendments have been adopted by the EU.

Adopted standards and interpretations that have not yet come into force will be implemented as and when they become mandatory for Mark Information A/S. Of the above standards and interpretations, it is assessed that only IFRS 9, IFRS 15 and IFRS 16 may potentially affect the recognition and measurement of Mark Information A/S. The Group has performed an analysis of the expected effects of IFRS 9 and IFRS 15 and a preliminary analysis of the effects of IFRS 16. The results are described below:

IFRS 15 Revenue from Contracts with Customers, which replaces the current revenue standards (IAS 11 and IAS 18) and interpretations, introduces a new model for recognition and measurement of revenue from contracts with customers. The standard is effective for financial years beginning on or after 1 January 2018.

The new model comprises five steps that must be applied to all contracts with customers to determine when and how revenue is to be recognised in the income statement.

The most important changes introduced by IFRS 15 relative to current practice are:

- A sales transaction is to be recognised as revenue in the income statement as control of the good or service is passed (at a point in time or over time) to the customer (the current "risk and rewards" concept is thus replaced by a control concept).

- New and more detailed guidelines on how to identify sub-components of a contract and how to recognise and measure these individual components.

- New and more detailed guidelines on the recognition of revenue over time.

Mark Information A/S in 2017 performed a detailed analysis of the expected effects of the new standard for the Group. Based on analysis of the Group's current product mix and contract types, Mark Information A/S expects the new standard to have a limited impact within the following areas:

• As regards those of the Group's contracts under which the software is not installed in the customer's own environment and the Group thus hosts the entire solution, the sale of licences will be recognised at the time when the customer gains control of the software, whereas today revenue is recognised when the contract is signed, i.e. when the customer takes delivery of the licence.

• The new requirements as to estimates and judgments concerning, e.g., variable consideration, identification of the sub-components of the contract, etc. may affect amounts and/or the time of recognition of revenue, particularly revenue from large contracts. The detailed analysis showed that the effects, based on the existing product mix, will be negligible.

As regards the Group's other sales, including sales of goods for resale, finished goods and services, the Group's analysis showed that IFRS 15 will not have any effect on recognition and measurement.

Based on the contracts which were not yet complete at year-end, implementing the standard in 2017 would not have affected 2017 revenue.

Overall, based on the current product mix and contract composition, IFRS 15 is therefore expected to have limited impact in 2018.

IFRS 9: "Financial Instruments". Reducing the number of asset classes for financial assets to two: amortised cost and fair value. The standard incorporates new requirements for accounting for financial liabilities. The standard will be effective for financial years beginning on or after 1 January 2018.

Implementing IFRS 9 will have limited effect on the Group.

IFRS 16: "Leases". New standard on accounting for leases. Going forward, the lessee is required to recognise all leases as a lease liability and a lease asset in the balance sheet. The standard will be effective for financial years beginning on or after 1 January 2019.

NOTES

Based on a preliminary analysis of the effects of the new standard, Mark Information A/S estimates that the standard will have limited effect on the Group's balance sheet and statement of cash flows, while the effects on the income statement, based on the current lease portfolio, will be insignificant.

Of the Group's operating leases, representing minimum lease obligations of about DKK 436 thousand, it is expected that leases with a present value of about DKK 410 thousand, corresponding to about 0.7% of total assets, would have to be recognised in the balance sheet if IFRS 16 had been implemented in 2017. Also, under IFRS 16, annual operating lease payments of about DKK 436 thousand would be presented as cash flows from financing activities, while under the current lease standard operating lease payments are presented as cash flows from operating activities.

As stated in note 23, the Company is planning a sale and leaseback of the Group's property. IFRS 16 will have a significant impact on the Company's balance sheet in relation to the future lease for the property.

PARENT COMPANY CONTENT

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PARENT COMPANY INCOME STATEMENT

(DKK 1,000)	Note	2017	2016
Other external expenses		-169	-154
Staff cost		-190	-190
OPERATING PROFIT		-359	-344
Income from investments in subsidiaries		4,000	4,000
Financial expenses	2	-177	-38
PROFIT BEFORE TAX		3,464	3,618
Tax on profit for the year	3	170	189
PROFIT FOR THE YEAR		3,634	3,807

Profit for the year is attributable to:

Dividend to shareholders	2,500	2,000
Retained earnings	1,134	1,807
Total	3,634	3,807

PARENT COMPANY BALANCE SHEET

ASSETS

(DKK 1,000)	Note	2017	2016
Investments in subsidiaries	4	52,723	46,523
INVESTMENTS		**52,723**	**46,523**
NON-CURRENT ASSETS		**52,723**	**46,523**
Corporation tax receivable from group enterprises		118	189
RECEIVABLES		**118**	**189**
CASH		4	3
CURRENT ASSETS		**122**	**192**
TOTAL ASSETS		**52,845**	**46,715**

EQUITY AND LIABILITIES

(DKK 1,000)	Note	2017	2016
Share capital		2,000	2,000
Retained earnings		37,208	36,074
Proposed dividend for the year		2,500	2,000
EQUITY	5	**41,708**	**40,074**
Provision for deferred tax		0	52
Credit institutions		5,000	0
TOTAL NON-CURRENT LIABILITIES		**5,000**	**52**
Trade payables		737	91
Payables to group enterprises		5,210	6,308
Other payables		190	190
SHORT-TERM LIABILITIES		**6,137**	**6,589**
TOTAL LIABILITIES		**11,137**	**6,641**
TOTAL EQUITY AND LIABILITIES		**52,845**	**46,715**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

(DKK 1,000)	Share capital	Retained earnings	Proposed dividend for the year	Total
Equity 1. January 2017	2,000	36,074	2,000	40,074
Profit for the year	0	1,134	2,500	3,634
Currency translation adjustments, foreign enterprices	0	0	0	0
Total comprehensive income	**0**	**1,134**	**2,500**	**3,634**
Transactions with owners:				
Dividend paid	0	0	-2,000	-2,000
Transactions with owners	**0**	**0**	**-2,000**	**-2,000**
EQUITY 31. DECEMBER 2017	**2,000**	**37,208**	**2,500**	**41,708**

Financial year 2016

(DKK 1,000)	Share capital	Retained earnings	Proposed dividend for the year	Total
Equity 1. January 2016	2,000	34,514	2,000	38,514
Profit for the year	0	1,807	2,000	3,807
Currency translation adjustments, foreign enterprices	0	84	0	84
Total comprehensive income	**0**	**1,891**	**2,000**	**3,891**
Transactions with owners:				
Sales of treasury shares	0	-331	0	-331
Dividend paid	0	0	-2,000	-2,000
Transactions with owners	**0**	**-331**	**-2,000**	**-2,331**
EQUITY 31. DECEMBER 2016	**2,000**	**36,074**	**2,000**	**40,074**

1. Basis of preparation of the financial statements

The financial statements of the parent company, Mark Information A/S, have been prepared in accordance with the provisions of the Danish Financial Statements Act applicable to reporting class B entities as well as selected rules applying to reporting class C. The accounting policies are consistent with those applied last year.

The financial statements are presented in Danish kroner, rounded to whole thousands (DKK'000).

Differences relative to the group's accounting policies
The parent company applies the same accounting policies for recognition and measurement as the group, apart from the below exceptions and additions. For a complete description of the company's and the group's accounting policies, please see note 1 to the consolidated financial statements.

INCOME STATEMENT
Profit/loss from investments in subsidiaries
Dividends from subsidiaries are recognised in the parent company's income statement in the year in which the dividend is declared.

Tax
The parent company is taxed jointly with all Danish group entities.

The current Danish income tax is allocated by the settlement of joint taxation contributions between the Danish jointly taxed entities in proportion to their taxable incomes. In connection with the settlement, entities with a negative taxable income receive a joint taxation contribution from entities that have used this tax loss to reduce their own taxable income.

BALANCE SHEET
Investments in subsidiaries
Investments in subsidiaries are measured at cost in the parent company's financial statements. Where the recoverable amount of the investments is lower than cost, the investments are written down to this lower value.

Current and deferred taxes

Joint taxation contributions payable and receivable are recognised in the balance sheet as income tax receivable or income tax payable, respectively.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, unless the parent company is able to control when the deferred tax is to be realised and it is likely that the deferred tax will not crystallise as current tax within the foreseeable future.

(DKK 1,000)

2. FINANCIAL EXPENSES

	2017	2016
Interest costs, banks and credit institutes	146	0
Interest expenses, other	0	0
Interest expenses, group enterprises	31	38
FINANCIAL EXPENSES	**177**	**38**

3. CORPORATE TAX

	2017	2016
Tax on profit for the year	-118	-84
Change in deferred tax	-52	0
Tax adjustment relating to previous year	0	-105
TAX FOR THE YEAR	**-170**	**-189**

4. INVESTMENTS IN GROUP ENTITIES

Mark Information A/S owns the following subsidiaries, all of which are included in the consolidated financial statement.

	Ownership share 2017	Ownership share 2016	Registered office	Subsidiary share capital Cur 000	Equity DKK 000	Result DKK 000
Mark Information Danmark A/S	100%	100%	Lyngby, Denmark	2,143	4,198	1,749
Maglebjergvej 11 ApS	100%	100%	Lyngby, Denmark	368	5,210	438
Mark Information Sverige AB	100%	100%	Solna, Sweden	600	2,267	174
Mark Information UK Ltd	100%	100%	Solihull, UK	450	391	429
Mark Information Norge AS	100%	100%	Oslo Norge	90	243	0
Mark Information Development Srl.	100%	NA	Bucharest Romania	45	109	37
Wintid Danmark A/S	100%	NA	Lyngby, Denmark	500	1,218	855

4. INVESTMENTS IN GROUP ENTITIES (CONTINUED)

(DKK 1,000)	2017	2016
Cost as at 1/1-2017	46,523	45,667
Additions	6,200	856
Cost as at 31/12-2017	**52,723**	**46,523**
Impairment losses as at 1/1-2017	0	0
Impairment during the year	0	
Amortisation and and impairment as at 31/12-2017	**0**	**0**
CARRYING AMOUNT AS AT 31/12-2017	**52,723**	**46,523**

5. EQUITY

Share capital	2017	2016	2017	2016
	Number of shares		Nominel value	
Issued shares, 1. January	2,000	2,000	2,000	2,000
Issued shares, 31. December	2,000	2,000	2,000	2,000

The shares are divided into 3 classes with special voting rights:

	2017	2016	2017	2016
	Number of shares		Voting rights	
Shares in class A	1,400	1,400	10	10
Shares in class B	400	400	1	1
Shares in class C	200	200	None	None
	2,000	2,000		

MARK

6. CONTINGENT LIABILITIES

The company is taxed jointly with other group entities and is, as from financial year 2013, proportionately liable for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed entities. The liability will not exceed an amount corresponding to the proportion of the company's capital held directly or indirectly by the ultimate parent company, Hantoc ApS.

The company has issued a guarantee whereby it assumes primary liability for subsidiaries' debts to credit institutions. The guarantee is capped at DKK 7,039 thousand. The subsidiaries' debts to the credit institutions in question amount to DKK 12,593 thousand at the balance sheet date.

The company is registered for VAT together with its group entities and is therefore liable for VAT payable together with these entities.

The company has issued a Letter of Continued Support to its UK subsidiary, Mark Information Ltd., valid for 2018 and the near future.

7. COLLATERAL

As security for subsidiaries' debts to credit institutions, DKK 12,559 thousand, dividend distributions must be approved by the credit institution. The proposed dividend has been approved.

As security for the company's and the subsidiaries' debts to credit institutions, DKK 12,559 thousand, the company has charged its shares in the subsidiaries Mark Information Danmark A/S, Maglebjergvej 11 ApS and Wintid Danmark A/S, whose carrying amount is DKK 46,806 thousand.