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

Telefon 36 10 20 30
Telefax 36 10 20 40
www.deloitte.dk

Xstream A/S
Borupvang 3
2750 Ballerup
Central Business Registration No
33082509

Annual report 2016

The Annual General Meeting adopted the annual report on 23.05.2017

Chairman of the General Meeting

____
Name: Henrik Rossing Lønberg

Contents

Entity details

Entity
Xstream A/S
Borupvang 3
2750 Ballerup

Central Business Registration No: 33082509
Registered in: Ballerup
Financial year: 01.01.2016 - 31.12.2016

Board of Directors
Lars Torpe Christoffersen, chairman
Ulrik Nicolai Jungersen, deputy chairman
Klaus Thyge Høeg-Hagensen

Executive Board
Laurits Sougaard Tygesen, CEO

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 Copenhagen 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 Xstream A/S for the financial year 01.01.2016 - 31.12.2016.

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 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016.

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, 05.05.2017

Executive Board

Laurits Sougaard Tygesen
CEO

Board of Directors

Lars Torpe Christoffersen chairman	Ulrik Nicolai Jungersen deputy chairman	Klaus Thyge Høeg-Hagensen

Independent auditor's report

To the shareholders of Xstream A/S

Opinion

We have audited the financial statements of Xstream A/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared 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 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor’s report. We are independent of the Entity 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.

Management's responsibilities for the financial statements

Management is responsible for the preparation of 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 Entity’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 financial statements unless Management either intends to liquidate the Entity 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 judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- 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 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.

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

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 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 financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the 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 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, 05.05.2017

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Bjørn Winkler Jakobsen	Henrik Hartmann Olesen
State-Authorised Public Accountant	State-Authorised Public Accountant

Management commentary

Primary activities
The Company's primary activities are development, sales, marketing and operation of an Online Video Platform and related activities for the OTT and TV Everywhere industry.

Development in activities and finances
Xstream A/S achieved an unsatisfactorily financial result in 2016. The income statement shows a negative result of DKK 14,952k. The balance sheet shows an equity of DKK 7,308k.

During the year the company refocused its strategy towards existing customer base and reduce its presence in overseas markets with an emphasis on servicing customer and potential new prospects from its offices in Denmark and Poland.

Management has during the last six months implemented a number of organizational changes and cost reduction measures and expects the results for 2017 to be positive in line with the Company's plans and does not expect to require additional funding.

The Company's agreements on credit facilities with its banks and owners secures sufficient liquidity for 2017 in line with the Company's plans.

Several management changes took place during the year. CEO Simon Høgsbro, CTO Michael (Mike) McMahon and CSO Jan Bertil Dahms all left the company. Laurits Tygesen was appointed new CEO in August 2016

In October and November the Company received in total DKK 4,000,000 through increase of capital.

The Company relocated its offices from Copenhagen to Ballerup.

Subsidiaries
Xstream Sp. z.o.o achieved a satisfying results in 2016. For 2017 a satisfying result in live with previous year is expected.

Xstream North America Inc. the activities in the company was slowed down during fourth quarter of the year. The company remain temporarily dormant with management expected to decide on future activity level during 2017.

Xstream Asia Pte Ltd the activities in the company was closed down during the year. The company will be closed during 2017.

Corporate Governance
The Company is part of a group, in which Danish private equity fund Capidea is a majority shareholder.

Companies owned by private equity funds and presenting the annual report after the provisions applying to reporting class C large entities are to incorporate DVCA's (Danish Venture Capital Association) guidelines for the corporate governance.

Management commentary

The Company presents the annual report in accordance with the provisions applying to class B entities and is therefore not fully covered by the DVCA's guidelines but has voluntarily chosen to present additional relevant information.

Capidea is represented by partner Mr. Ulrik Nicolai Jungersen on the Board.

Mr. Laurits Tygesen and Mr. Michael (Mike) McMahon both stepped down from the Board during the year. Mr. Klaus Høeg-Hagensen was appointed to the Board in February 2017.

Board meetings were held during the year and no extraordinary Board committees were appointed.

Uncertainty relating to recognition and measurement
In 2016, the Company recognised total development projects of DKK 24,081k in the balance sheet. The Company expects these projects (software) to contribute significantly to future profits.

The Company has a significant deferred tax asset of DKK 5,795k concerning tax loss carryforwards which has not been recognised based on the uncertainty of the utilisation.

Events after the balance sheet date
No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2016

	Notes	2016 DKK	2015 DKK
Gross profit		**4.475.687**	**(3.184.353)**
Staff costs	2	(10.893.547)	(13.857.305)
Depreciation, amortisation and impairment losses	3	(9.915.621)	(7.787.913)
Operating profit/loss		**(16.333.481)**	**(24.829.571)**
Income from investments in group enterprises		2.161.059	4.511.486
Other financial income	4	960.936	1.227.965
Impairment of financial assets		(1.803.729)	0
Other financial expenses	5	(1.987.498)	(1.705.128)
Profit/loss before tax		**(17.002.713)**	**(20.795.248)**
Tax on profit/loss for the year	6	2.050.674	2.267.197
Profit/loss for the year		**(14.952.039)**	**(18.528.051)**
Proposed distribution of profit/loss			
Extraordinary dividend distributed in the financial year		0	695.943
Transferred to reserve for net revaluation according to the equity method		2.090.086	2.922.248
Retained earnings		(17.042.125)	(22.146.242)
		(14.952.039)	**(18.528.051)**

Balance sheet at 31.12.2016

	Notes	2016 DKK	2015 DKK
Completed development projects		24.081.397	22.223.696
Acquired intangible assets		1	61.690
Goodwill		105.083	262.712
Intangible assets	7	**24.186.481**	**22.548.098**
Other fixtures and fittings, tools and equipment		36.777	467.276
Property, plant and equipment	8	**36.777**	**467.276**
Investments in group enterprises		8.688.699	7.029.823
Receivables from group enterprises		0	1.469.517
Deposits		59.400	356.125
Fixed asset investments	9	**8.748.099**	**8.855.465**
Fixed assets		**32.971.357**	**31.870.839**
Trade receivables		12.178.152	13.888.153
Other receivables		429.931	549.262
Income tax receivable	10	2.450.471	2.674.085
Prepayments		1.028.849	881.844
Receivables		**16.087.403**	**17.993.344**
Cash		**2.040.366**	**0**
Current assets		**18.127.769**	**17.993.344**
Assets		**51.099.126**	**49.864.183**

Balance sheet at 31.12.2016

	Notes	2016 DKK	2015 DKK
Contributed capital		2.540.217	540.217
Reserve for net revaluation according to the equity method		8.674.021	7.015.145
Reserve for development expenditure		6.944.370	0
Retained earnings		(10.850.420)	11.080.600
Equity		**7.308.188**	**18.635.962**
Deferred tax		5.083.941	4.680.210
Provisions		**5.083.941**	**4.680.210**
Bank loans	11	13.951.782	6.077.375
Prepayments received from customers		6.527.093	6.010.821
Trade payables		2.885.103	3.678.382
Payables to group enterprises		12.179.526	6.283.884
Payables to associates		0	1.099.848
Other payables		3.163.493	3.397.701
Current liabilities other than provisions		**38.706.997**	**26.548.011**
Liabilities other than provisions		**38.706.997**	**26.548.011**
Equity and liabilities		**51.099.126**	**49.864.183**
Uncertainty relating to recognition and measurement	1		
Unrecognised rental and lease commitments	12		
Contingent liabilities	13		
Mortgages and securities	14		
Group relations	15		

Statement of changes in equity for 2016

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Reserve for development expenditure DKK	Retained earnings DKK
Equity beginning of year	540.217	7.015.145	0	11.080.600
Increase of capital	2.000.000	0	0	2.000.000
Exchange rate adjustments	0	(431.210)	0	0
Other equity postings	0	0	0	55.475
Transfer to reserves	0	0	6.944.370	(6.944.370)
Profit/loss for the year	0	2.090.086	0	(17.042.125)
Equity end of year	**2.540.217**	**8.674.021**	**6.944.370**	**(10.850.420)**

	Total DKK
Equity beginning of year	18.635.962
Increase of capital	4.000.000
Exchange rate adjustments	(431.210)
Other equity postings	55.475
Transfer to reserves	0
Profit/loss for the year	(14.952.039)
Equity end of year	**7.308.188**

Notes

1. Uncertainty relating to recognition and measurement

In 2016, the Company recognised total development projects of DKK 24,081k in the balance sheet. The Company expects these projects (software) to contribute significantly to future profits.

The Company has a significant deferred tax asset of DKK 5,795k concerning tax loss carryforwards which has not been recognised based on the uncertainty of the utilisation.

Management has during the last six months implemented a number of organizational changes and cost reduction measures and expects the results for 2017 to be positive in line with the Company's plans and does not expect to require additional funding.

	2016 DKK	2015 DKK
2. Staff costs		
Wages and salaries	10.239.758	13.029.444
Pension costs	472.009	361.466
Other social security costs	(26.239)	3.487
Other staff costs	208.019	462.908
	10.893.547	**13.857.305**
Average number of employees	**13**	

	2016 DKK	2015 DKK
3. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	7.377.753	5.826.874
Impairment losses on intangible assets	2.122.369	1.370.023
Depreciation of property, plant and equipment	397.923	591.016
Profit/loss from sale of intangible assets and property, plant and equipment	17.576	0
	9.915.621	**7.787.913**

	2016 DKK	2015 DKK
4. Other financial income		
Financial income arising from group enterprises	47.526	134.549
Exchange rate adjustments	913.410	1.093.416
	960.936	**1.227.965**

Notes

	2016 DKK	2015 DKK
5. Other financial expenses		
Financial expenses from group enterprises	117.140	0
Interest expenses	596.749	341.532
Exchange rate adjustments	1.273.609	1.282.284
Other financial expenses	0	81.312
	1.987.498	**1.705.128**

	2016 DKK	2015 DKK
6. Tax on profit/loss for the year		
Tax on current year taxable income	(2.450.471)	(2.674.085)
Change in deferred tax for the year	403.731	875.807
Adjustment concerning previous years	(3.934)	(468.919)
	(2.050.674)	**(2.267.197)**

	Completed development projects DKK	Acquired intangible assets DKK	Goodwill DKK
7. Intangible assets			
Cost beginning of year	38.725.583	370.150	1.103.396
Additions	11.138.505	0	0
Cost end of year	**49.864.088**	**370.150**	**1.103.396**
Amortisation and impairment losses beginning of year	(16.501.887)	(308.460)	(840.684)
Impairment losses for the year	(2.122.369)	0	0
Amortisation for the year	(7.158.435)	(61.689)	(157.629)
Amortisation and impairment losses end of year	**(25.782.691)**	**(370.149)**	**(998.313)**
Carrying amount end of year	**24.081.397**	**1**	**105.083**

The cost price of development projects is derived from time spend in the subsidiary Xstream Sp. z.o.o. expressed in man-hours and the cost of a man-hour. On an on-going basis Management assess the value of the assets.

Notes

With the closing of each fiscal year Management carry out a thorough assessment of all intangible assets consisting of the following elements:

1. On-line video market potential
2. Business case and the assets value compared to the present value of the discounted future cash flows from the business (impairment test).

	Other fixtures and fittings, tools and equipment DKK
8. Property, plant and equipment	
Cost beginning of year	4.479.351
Disposals	(3.907.758)
Cost end of year	**571.593**
Depreciation and impairment losses beginning of the year	(4.012.075)
Depreciation for the year	(397.923)
Reversal regarding disposals	3.875.182
Depreciation and impairment losses end of the year	**(534.816)**
Carrying amount end of year	**36.777**

	Investments in group enterprises DKK	Receivables from group enterprises DKK	Deposits DKK
9. Fixed asset investments			
Cost beginning of year	14.678	1.469.517	356.125
Additions	0	584.365	59.400
Disposals	0	(321.126)	(356.125)
Cost end of year	**14.678**	**1.732.756**	**59.400**
Revaluations beginning of year	7.015.145	0	0
Exchange rate adjustments	(431.210)	0	0
Share of profit/loss for the year	1.858.875	0	0
Adjustment of intra-group profits	302.184	0	0
Impairment losses for the year	(70.973)	(1.732.756)	0
Revaluations end of year	**8.674.021**	**(1.732.756)**	**0**
Carrying amount end of year	**8.688.699**	**0**	**59.400**

Notes

	Registered in	Corporate form	Equity interest %
Investments in group enterprises comprise:			
Xstream Spólka z.o.o.	Poland	z.o.o.	100,0
Xstream Inc.	United States	Inc.	100,0
Xstream Asia Pte. Ltd.	Singapore	Ltd.	100,0

10. Income tax receivable

Tax receivable and current tax represent the expected tax credit to be received based on the tax value of the Company's development acitivities in proportion to the total tax loss in the joint taxation for the income year 2016, according to the tax credit system.

11. Bank loans

The Company has an unutilised credit facility with its primary bank.

The Company's agreements on credit facilities with its banks and owners secures sufficient liquidity for 2017 in line with the Company's plans.

	2016 DKK	2015 DKK
12. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	**253.000**	**484.000**

13. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which TopCap X ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore alternatively liable from the financial year 2013 for income taxes etc for the jointly taxed entities, but only for the share by which the Company is included in the Group, and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these companies. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

14. Mortgages and securities

Bank loans are secured by a floating charge of DKK 5,000k comprising goodwill, development projects, acquired intangible assets, other fixtures and fittings, tools and equipment, trade receivables, and other receivables. The carrying amounts of the assets are DKK 36,401k.

Notes

15. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
TopCap X ApS, Copenhagen

Accounting policies

Reporting class
This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

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

Consolidated financial statements
Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

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.

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. Intangible assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries 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 classified directly as equity.

Accounting policies

Income statement

Gross profit or loss

Gross profit or loss comprises revenue and other external expenses.

Revenue

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.

Other external expenses

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

Share-based payments are not recognised in the financial statements.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing 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 intra-group profits or losses.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies.

Impairment of financial assets

Impairment of financial assets comprises impairment of financial assets which are not measured at fair value on a current basis.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies.

Tax on profit/loss for the year

Accounting policies

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.

The Entity is jointly taxed with all Danish group companies. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Goodwill

Goodwill is the positive difference between cost and value in use of assets and liabilities taken over as part of the acquisition. Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If it is not possible to estimate the useful life reliably, it is set at 10 years. Useful lives are reassessed on an annual basis. The amortisation periods used are 7 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress and acquired intellectual property rights.

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 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 that are directly 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 period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5 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, but over no more than 20 years.

Accounting policies

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

Property, plant and equipment
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:

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
Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or 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 is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

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.

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

Prepayments

Accounting policies

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

Cash

Cash comprises cash in hand and bank deposits.

Deferred tax

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

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

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.