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EasyTranslate A/S
Sundkaj 9
2150 Nordhavn
Central Business Registration
No 33240562

Annual report 2016

The Annual General Meeting adopted the annual report on 30.03.2017

Chairman of the General Meeting

Name: Ida Anne-Mette Sølbeck

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Entity details

Entity
EasyTranslate A/S
Sundkaj 9
2150 Nordhavn

Central Business Registration No: 33240562
Founded: 01.10.2010
Registered in: Copenhagen
Financial year: 01.01.2016 - 31.12.2016

Board of Directors
Ida Anne-Mette Sølbeck
Peter Ladegaard
Michael Kai Petersen

Executive Board
Peter Ladegaard
Frederik Nicolai Riskær Petersen

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of EasyTranslate 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 on 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.

Nordhavn, den 30.03.2017

Executive Board

Peter Ladegaard	Frederik Nicolai Riskær Petersen

Board of Directors

Ida Anne-Mette Sølbeck	Peter Ladegaard	Michael Kai Petersen

Independent auditor's report

To the shareholders of EasyTranslate A/S

Opinion

We have audited the consolidated financial statements and parent financial statements of EasyTranslate 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, for the Group as well as the Parent. The consolidated financial statements and parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and parent financial statements of EasyTranslate A/S for the financial year 01.01.2016 - 31.12.2016 give a true and fair view of the Group's and the Parent's financial position at 31.12.2016, and of the results of their operations and the consolidated cash flows 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 the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the consolidated financial statements and parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and parent financial statements, Management is responsible for assessing the Group's and 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 consolidated financial statements and parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of 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

Independent auditor's report

expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s and the 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 consolidated financial statements and parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the 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 consolidated financial statements and parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

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

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

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

Independent auditor's report

Statement on the management commentary
Management is responsible for the management commentary.

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

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

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

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

Copenhagen, 30.03.2017

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Thomas Hermann
State Authorised Public Accountant

Management commentary

Primary activities

The main activities of the Company are within translation and development of translation technologies including tools for fully automatic translation management with new technologies in quality assurance.

Development in activities and finances

The results from ordinary activities after tax are DKK 976 thousand against DKK 656 thousand last year. The management consider the results satisfactory.

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.

Consolidated income statement for 2016

	Notes	2016 DKK	2015 DKK
Gross profit		**9.726.070**	**8.468.761**
Staff costs	1	(7.067.604)	(6.997.639)
Depreciation, amortisation and impairment losses	2	(911.416)	(382.859)
Operating profit/loss		**1.747.050**	**1.088.263**
Other financial income		59.504	146.916
Other financial expenses		(459.698)	(413.975)
Profit/loss before tax		**1.346.856**	**821.204**
Tax on profit/loss for the year	3	(370.390)	(164.827)
Profit/loss for the year		**976.466**	**656.377**
Proposed distribution of profit/loss			
Retained earnings		976.466	656.377
		976.466	**656.377**

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK	2015 DKK
Completed development projects		2.866.417	0
Development projects in progress		1.414.370	2.345.673
Intangible assets	4	**4.280.787**	**2.345.673**
Other fixtures and fittings, tools and equipment		2.557.181	1.513.925
Property, plant and equipment	5	**2.557.181**	**1.513.925**
Deposits		23.664	111.164
Fixed asset investments	6	**23.664**	**111.164**
Fixed assets		**6.861.632**	**3.970.762**
Trade receivables		7.767.587	5.252.545
Deferred tax		51.336	516.011
Other receivables		74.245	54.799
Income tax receivable		354.911	117.401
Prepayments		112.733	25.637
Receivables		**8.360.812**	**5.966.393**
Cash		**2.485.170**	**1.302.895**
Current assets		**10.845.982**	**7.269.288**
Assets		**17.707.614**	**11.240.050**

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK	2015 DKK
Contributed capital		500.000	500.000
Reserve for development expenditure		1.731.734	0
Retained earnings		(427.036)	250.465
Equity		**1.804.698**	**750.465**
Deferred tax		885.609	460.190
Provisions		**885.609**	**460.190**
Bank loans		3.030.770	2.039.481
Trade payables		7.764.993	4.267.680
Income tax payable		117.734	170.472
Other payables		4.103.810	3.551.762
Current liabilities other than provisions		**15.017.307**	**10.029.395**
Liabilities other than provisions		**15.017.307**	**10.029.395**
Equity and liabilities		**17.707.614**	**11.240.050**
Unrecognised rental and lease commitments	7		
Mortgages and securities	8		
Subsidiaries	9		

Consolidated statement of changes in equity for 2016

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	500.000	0	250.465	750.465
Exchange rate adjustments	0	0	77.767	77.767
Transfer to reserves	0	1.731.734	(1.731.734)	0
Profit/loss for the year	0	0	976.466	976.466
Equity end of year	**500.000**	**1.731.734**	**(427.036)**	**1.804.698**

Notes to consolidated financial statements

	2016 DKK	2015 DKK
1. Staff costs		
Wages and salaries	9.703.357	8.982.570
Pension costs	202.623	46.551
Other social security costs	147.369	262.416
Staff costs classified as assets	(2.985.745)	(2.293.898)
	7.067.604	**6.997.639**
Number of employees at balance sheet date	**21**	**16**

	2016 DKK	2015 DKK
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	288.357	0
Depreciation of property, plant and equipment	615.557	382.859
Profit/loss from sale of intangible assets and property, plant and equipment	7.502	0
	911.416	**382.859**

	2016 DKK	2015 DKK
3. Tax on profit/loss for the year		
Tax on current year taxable income	(344.932)	(106.853)
Change in deferred tax for the year	778.452	271.680
Adjustment concerning previous years	(63.130)	0
	370.390	**164.827**

	Completed development projects DKK	Development projects in progress DKK
4. Intangible assets		
Cost beginning of year	0	2.345.673
Exchange rate adjustments	0	3.299
Additions	3.154.774	2.220.172
Disposals	0	(3.154.774)
Cost end of year	**3.154.774**	**1.414.370**
Amortisation for the year	(288.357)	0
Amortisation and impairment losses end of year	**(288.357)**	**0**
Carrying amount end of year	**2.866.417**	**1.414.370**

Notes to consolidated financial statements

Development projects in progress

The aim of development projects is to develop the group's services and to create automatic working procedures. During the financial year, the group has completed a series of projects. It is expected that the development projects in progress are completed within 1 – 3 years.

	Other fixtures and fittings, tools and equipment DKK
5. Property, plant and equipment	
Cost beginning of year	2.231.002
Additions	1.696.315
Disposals	(66.180)
Cost end of year	**3.861.137**
Depreciation and impairment losses beginning of the year	(717.077)
Depreciation for the year	(615.557)
Reversal regarding disposals	28.678
Depreciation and impairment losses end of the year	**(1.303.956)**
Carrying amount end of year	**2.557.181**

	Deposits DKK
6. Fixed asset investments	
Cost beginning of year	111.164
Disposals	(87.500)
Cost end of year	**23.664**
Carrying amount end of year	**23.664**

	2016 DKK	2015 DKK
7. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	**1.041**	**1.822**

Notes to consolidated financial statements

8. Mortgages and securities

Payment guarantee of DKK 685 thousand is secured by way of mortgage on cash deposit with banks of DKK 350 thousand at 31 December 2016.

Bank debt of DKK 2,988 thousand is secured by way of a company charge of DKK 2,000 thousand nominal. The carrying amount of mortgaged assets totals DKK 5.801 thousand at 31 December 2016.

The Group has provided a guarantee of payment of DKK 1,400 thousand towards its bankers.

	Registered in	Corpo-rate form	Equity inte-rest %
9. Subsidiaries			
EasyTranslate AS	Norway	AS	100,0
EasyTranslate AB	Sweden	AB	100,0
EasyTranslate GmbH	Germany	GmbH	100,0
EasyTranslate LTD, UK	United Kingdom	LTD	100,0

Parent income statement for 2016

	Notes	2016 DKK	2015 DKK
Gross profit		**8.460.901**	**8.381.614**
Staff costs	1	(7.076.331)	(6.982.189)
Depreciation, amortisation and impairment losses	2	(893.220)	(382.859)
Operating profit/loss		**491.350**	**1.016.566**
Income from investments in group enterprises		606.067	(33.477)
Other financial income		42.621	81.971
Other financial expenses		(253.060)	(214.029)
Profit/loss before tax		**886.978**	**851.031**
Tax on profit/loss for the year	3	89.488	(194.654)
Profit/loss for the year		**976.466**	**656.377**
Proposed distribution of profit/loss			
Transferred to reserve for net revaluation according to the equity method		606.067	(33.478)
Retained earnings		370.399	689.855
		976.466	**656.377**

Parent balance sheet at 31.12.2016

	Notes	2016 DKK	2015 DKK
Completed development projects		2.884.612	0
Development projects in progress		1.340.456	2.275.058
Intangible assets	4	**4.225.068**	**2.275.058**
Other fixtures and fittings, tools and equipment		2.557.181	1.513.925
Property, plant and equipment	5	**2.557.181**	**1.513.925**
Investments in group enterprises		1.494.728	362.341
Deposits		23.664	111.164
Fixed asset investments	6	**1.518.392**	**473.505**
Fixed assets		**8.300.641**	**4.262.488**
Trade receivables		3.209.662	2.077.602
Receivables from group enterprises		2.428.737	2.458.144
Other receivables		27.605	53.861
Income tax receivable		354.911	117.401
Prepayments		139.141	25.637
Receivables		**6.160.056**	**4.732.645**
Cash		**596.741**	**490.803**
Current assets		**6.756.797**	**5.223.448**
Assets		**15.057.438**	**9.485.936**

Parent balance sheet at 31.12.2016

	Notes	2016 DKK	2015 DKK
Contributed capital		500.000	500.000
Reserve for net revaluation according to the equity method		1.214.636	82.249
Reserve for development expenditure		1.731.734	0
Retained earnings		(1.641.672)	168.216
Equity		**1.804.698**	**750.465**
Deferred tax		883.998	458.662
Provisions		**883.998**	**458.662**
Bank loans		3.073.468	2.039.481
Trade payables		4.227.760	2.379.697
Payables to group enterprises		1.874.021	950.993
Other payables		3.193.493	2.906.638
Current liabilities other than provisions		**12.368.742**	**8.276.809**
Liabilities other than provisions		**12.368.742**	**8.276.809**
Equity and liabilities		**15.057.438**	**9.485.936**
Unrecognised rental and lease commitments	7		
Mortgages and securities	8		

Parent 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	500.000	82.249	0	168.216
Exchange rate adjustments	0	77.767	0	0
Other equity postings	0	448.553	0	(448.553)
Transfer to reserves	0	0	1.731.734	(1.731.734)
Profit/loss for the year	0	606.067	0	370.399
Equity end of year	**500.000**	**1.214.636**	**1.731.734**	**(1.641.672)**

	Total DKK
Equity beginning of year	750.465
Exchange rate adjustments	77.767
Other equity postings	0
Transfer to reserves	0
Profit/loss for the year	976.466
Equity end of year	**1.804.698**

Notes to parent financial statements

	2016 DKK	2015 DKK
1. Staff costs		
Wages and salaries	9.712.084	9.116.677
Pension costs	202.623	46.551
Other social security costs	147.369	112.859
Staff costs classified as assets	(2.985.745)	(2.293.898)
	7.076.331	**6.982.189**
Average number of employees	**21**	**16**

	2016 DKK	2015 DKK
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	270.162	0
Depreciation of property, plant and equipment	615.556	382.859
Profit/loss from sale of intangible assets and property, plant and equipment	7.502	0
	893.220	**382.859**

	2016 DKK	2015 DKK
3. Tax on profit/loss for the year		
Tax on current year taxable income	(354.911)	(277.325)
Change in deferred tax for the year	425.336	471.979
Adjustment concerning previous years	(159.913)	0
	(89.488)	**194.654**

	Completed develop-ment projects DKK	Develop-ment projects in progress DKK
4. Intangible assets		
Cost beginning of year	0	2.275.058
Additions	3.154.774	2.220.172
Disposals	0	(3.154.774)
Cost end of year	**3.154.774**	**1.340.456**
Amortisation for the year	(270.162)	0
Amortisation and impairment losses end of year	**(270.162)**	**0**
Carrying amount end of year	**2.884.612**	**1.340.456**

Notes to parent financial statements

Udviklingsprojekter under udførelse

The aim of development projects is to develop the company's services and to create automatic working procedures. During the financial year, the company has completed a series of projects. It is expected that the development projects in progress are completed within 1 – 3 years.

	Other fixtures and fittings, tools and equipment DKK
5. Property, plant and equipment	
Cost beginning of year	2.231.003
Additions	1.696.314
Disposals	(66.180)
Cost end of year	**3.861.137**
Depreciation and impairment losses beginning of the year	(717.078)
Depreciation for the year	(615.556)
Reversal regarding disposals	28.678
Depreciation and impairment losses end of the year	**(1.303.956)**
Carrying amount end of year	**2.557.181**

	Investments in group enterprises DKK	Deposits DKK
6. Fixed asset investments		
Cost beginning of year	280.092	111.164
Disposals	0	(87.500)
Cost end of year	**280.092**	**23.664**
Revaluations beginning of year	82.249	0
Exchange rate adjustments	77.767	0
Share of profit/loss for the year	606.067	0
Investments with negative equity depreciated over receivables	448.553	0
Revaluations end of year	**1.214.636**	**0**
Carrying amount end of year	**1.494.728**	**23.664**

Specifikation af kapitalandele i dattervirksomheder fremgår af noterne til koncernregnskabet.

Notes to parent financial statements

	2016 DKK	2015 DKK
7. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	**1.041**	**1.822**

8. Mortgages and securities

Payment guarantee of DKK 685 thousand is secured by way of mortgage on cash deposit with banks of DKK 350 thousand at 31 December 2016.

Bank debt of DKK 2,988 thousand is secured by way of a company charge of DKK 2,000 thousand nominal. The carrying amount of mortgaged assets totals DKK 5.801 thousand at 31 December 2016.

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 consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement
Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

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.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised, as the original cost with deduction of any payments are additions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Consolidated financial statements
The consolidated annual accounts comprise the parent company EasyTranslate A/S and those group enterprises of which EasyTranslate A/S directly or indirectly own more than 50 % of the voting rights or in other ways has controlling interest. As it appears from the group chart, enterprises of which the group owns between 20 and 50 % of the voting rights and exercises considerable, but not controlling interest are considered associated enterprises.

Basis of consolidation
By the consolidation, elimination of intercompany income and costs, shareholding, intercompany balances and dividends and realised and unrealised gains and losses from transactions among the consolidated enterprises takes place.

Accounting policies

Newly acquired or newly established enterprises are recognised in the consolidated annual accounts as of the date of acquisition. Disposed or terminate enterprises are recognised in the consolidated annual accounts until the date of disposal. In relation to newly acquired, disposed or terminated enterprises, comparative figures are not adjusted.

Gains or losses from the disposal or termination of group enterprises or associated enterprises are recognised as the difference between the sales price or the termination sum and the book value of the net assets at the sales date and expected costs of sale or termination.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Revenue

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

Cost of sales

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

Other external expenses

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

Staff costs

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

Depreciation, amortisation and impairment losses

Depreciation, amortisation and writedown comprise depreciation, amortisation and writedown for the year and gains- and losses on disposal of ingangible and tangible fixed assets.

Income from investments in group enterprises

After full elimination of intercompany profit or loss and deduction of amortization of consolidated goodwill, the equity investment in the individual group enterprises are recognized in the profit and loss account at a proportional share of the group enterprises' results after tax.

Accounting policies

Other financial income
Other financial income includes interest income, realised and unrealised capital gains and losses on financial assets and liabilities. Net financials are recognised in the profit and loss account with the amounts concerning the financial years.

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, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

Balance sheet
Intellectual property rights etc
Development costs comprise e.g. salaries, wages, and amortisation which directly and indirectly refer to the development activities.

Clearly defined and identifiable development projects are recognised as intangible fixed assets provided that the technical utilisation, sufficient resources, and a potential, future market can be demonstrated, and provided that it is the intention to produce, market, or utilise the project. It is, however, a condition that the cost can be calculated reliably and that a sufficiently high degree of certainty indicated that future earnings will cover the costs for production, sales, and administration. Other development costs are recognised in the profit and loss account concurrently with their realisation.

Capitalised development costs are measured at cost with deduction of accrued amortisation or at the recoverable value, if this is lower.

After completion of the development work, capitalised development costs are amortised on a straight line basis over the estimated financial useful life. Usually, the amortisation period is 5 years and does not exceed 20 years.

Patents and licenses are measured at cost with deduction of accrued amortisation. Patents are amortised on a straight-line basis over the remaining patent period, and licenses are amortised over the contract period, however, for a maximum of 10 years.

Profit and loss from the realization of development projects, patents, and licenses are measured as the difference between the sales price with deduction of sales costs and the book value at the time of the sale. Profit or loss is recognized in the profit and loss account under amortization.

Accounting policies

Property, plant and equipment
Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

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

Minor assets with and expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets are measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or loss is recognised in the profit and loss account under depreciation.

As regards assets of own production, the cost comprises direct and indirect costs for materials, components, deliveries from sub suppliers, payroll costs, and borrowing costs form specific and general borrowing concerning the construction of each individual asset.

Investments in group enterprises
Equity investments in group enterprises are recognised in the balance sheet at a proportional share under the equity method, the value being calculated on the basis of the accounting policies of the parent company by the deduction or addition of unrealised intercompany profits and losses, and with the addition or deduction of residual value of positive or negative goodwill measured by applying the acquisition method.

Group enterprises with negative equity are recognised without any value, and to the extent they are considered irrevocable, amounts owed by these companies are written down by the parent's share of the equity. If the negative equity exceeds the debtors, the residual amount is recognised under liability provisions to the extend the parent has a legal or actual liability to cover the negative equity of the subsidiary.

Accounting policies

To the extent the equity exceeds the cost, the net revaluation of equity investmets in group enterprises and associated enterprises are transferred to the reserves under the equity for net revaluation as per the equity method.

Dividends from the group enterprises expected to be decided before the approval of this annual report are not subject to a limitation of the revaluation reserves. The reserves are adjusted by other equity movements in group enterprises and associated enterprises.

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 calculated on this year's taxable income, adjusted for prepaid tax.

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

Cash
Cash comprises cash in hand and bank deposits.

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.