



Easytranslate A/S

Bygmestervej 10, 2. th.
2400 København NV
CVR No. 33240562

Annual report 2019

The Annual General Meeting adopted the
annual report on 25.06.2020

Ida Anne-Mette Sølbeck

Chairman of the General Meeting

Contents

Entity details	2
Statement by Management	3
Independent auditor's report	4
Management commentary	7
Income statement for 2019	10
Balance sheet at 31.12.2019	11
Statement of changes in equity for 2019	13
Cash flow statement for 2019	14
Notes	15
Accounting policies	20

Entity details

Entity

Easytranslate A/S
Bygmestervej 10, 2. th.
2400 København NV

CVR No.: 33240562
Registered office: Copenhagen
Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Ida Anne-Mette Sølbeck, Chairman
Joachim Snebang Vanggaard Jensen
Peter Ladegaard
Frederik Nicolai Riskær Pedersen
Michael Kai Petersen

Executive Board

Peter Ladegaard
Frederik Nicolai Riskær Pedersen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
P. O. Box 1600
0900 Copenhagen C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Easytranslate A/S for the financial year 01.01.2019 - 31.12.2019.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations and cash flows for the financial year 01.01.2019 - 31.12.2019.

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

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

Copenhagen, 25.06.2020

Executive Board

Peter Ladegaard

Frederik Nicolai Riskær Pedersen

Board of Directors

Ida Anne-Mette Sølbeck
Chairman

Joachim Snebang Vanggaard Jensen

Peter Ladegaard

Frederik Nicolai Riskær Pedersen

Michael Kai Petersen

Independent auditor's report

To the shareholders of Easytranslate A/S

Opinion

We have audited the financial statements of Easytranslate A/S for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement 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 31.12.2019 and of the results of its operations and cash flows for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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:

- 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.

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, 25.06.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Thomas Hermann

State Authorised Public Accountant
Identification No (MNE) mne26740

Management commentary

Financial highlights

	2019	2018	2017	2016	2015
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Gross profit/loss	22,941	20,035	12,323	8,461	8,382
Operating profit/loss	1,543	3,098	1,285	491	1,017
Net financials	(1,315)	(1,257)	(934)	(210)	(132)
Profit/loss for the year	169	1,405	(777)	976	656
Total assets	59,342	39,484	25,721	15,057	9,486
Investments in property, plant and equipment	402	237	248	1,696	820
Equity	5,427	2,276	1,078	1,805	750
Cash flows from (used in) operating activities	10,296	8,212			
Cash flows from (used in) investing activities	(16,623)	(10,900)			
Cash flows from (used in) financing activities	3,292	4,992			
Ratios					
Return on equity (%)	4.39	83.78	(53.90)	76.40	147.00
Equity ratio (%)	9.15	5.76	4.19	11.99	7.91

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

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Average equity

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

Total assets

Primary activities

The main activities of the Company are within localisation services, translation services, interpretation and supporting technologies.

Development in activities and finances

The Company's primary activities have led to positive results of DKK 169 thousand against DKK 1.405 thousand last year.

Profit/loss for the year in relation to expected developments

Management is pleased that the gross profit has increased in 2019. Profit before tax is impacted by continued investments in marketing and research and development activities.

Management considers the results satisfactory and in line with expectations for 2019.

Uncertainty relating to recognition and measurement

The company's financial position at 31 December 2019 and the results of its operations for the financial year ended 31 December 2019 are not affected by any uncertainties relating to recognition and measurement.

Unusual circumstances affecting recognition and measurement

The company's financial position at 31 December 2019 and the results of its operations for the financial year ended 31 December 2019 are not affected by any unusual circumstances affecting recognition and measurement.

Outlook

The management anticipates reduced activity and revenue in 2020 as a result of the COVID-19 pandemic. The gross margin is not expected to be affected, but the gross profit and ultimately the net result is expected to be affected by the reduction in activity and revenue.

Particular risks

Management has concluded that the company has been assessed not to be subject to any special risks, including operating and financial risks, apart from the usual risks in the line of business.

Intellectual capital resources

It is essential for the company's continued growth to keep investing in new technologies and to continue to attract and maintain talented employees.

Environmental performance

The company's growth means a greater responsibility to run the business in a sustainable way. The company considers its environmental footprint throughout its various activities and continues to improve efforts.

Research and development activities

The company aim to keep developing new technologies and products to maintain its position as one of the trendsetters in the market. In 2020 the company will continue to invest in research and development activities.

Events after the balance sheet date

In March 2020, the Company has received an investment which has strengthened the Company's equity significantly. No events have occurred that could materially affect the Company's financial position as at 31 December 2019.

Subsequently, in March 2020, the spread of COVID-19 has increased and affected virtually the whole world. This event might significantly affect economic activity worldwide, and as a result, the company's operations and financial results. The extent to which the COVID-19 will impact our results cannot be reliably predicted.

Income statement for 2019

	Notes	2019 DKK	2018 DKK
Gross profit/loss		22,941,249	20,034,899
Staff costs	2	(16,467,087)	(14,662,971)
Depreciation, amortisation and impairment losses	3	(4,931,227)	(2,273,682)
Operating profit/loss		1,542,935	3,098,246
Income from investments in group enterprises		(162,244)	(44,304)
Other financial income		307,433	482,414
Other financial expenses		(1,622,795)	(1,739,036)
Profit/loss before tax		65,329	1,797,320
Tax on profit/loss for the year	4	103,842	(392,795)
Profit/loss for the year	5	169,171	1,404,525

Balance sheet at 31.12.2019

Assets

	Notes	2019 DKK	2018 DKK
Completed development projects	7	15,247,857	8,799,837
Development projects in progress	7	16,221,197	10,678,893
Intangible assets	6	31,469,054	19,478,730
Other fixtures and fittings, tools and equipment		1,244,300	1,542,589
Property, plant and equipment	8	1,244,300	1,542,589
Investments in group enterprises		292,633	425,250
Other financial assets	9	292,633	425,250
Fixed assets		33,005,987	21,446,569
Trade receivables		20,439,723	12,423,708
Receivables from group enterprises		59,804	0
Other receivables		106,428	222,490
Income tax receivable		2,596,215	1,543,563
Prepayments	10	242,685	118,155
Receivables		23,444,855	14,307,916
Cash		2,891,353	3,729,775
Current assets		26,336,208	18,037,691
Assets		59,342,195	39,484,260

Equity and liabilities

	Notes	2019 DKK	2018 DKK
Contributed capital		510,205	500,000
Share premium		2,989,795	0
Reserve for net revaluation according to the equity method		43,495	176,112
Reserve for development expenditure		23,683,722	14,331,269
Retained earnings		(21,800,335)	(12,731,209)
Equity		5,426,882	2,276,172
Deferred tax	11	6,603,005	4,110,632
Provisions		6,603,005	4,110,632
Subordinate loan capital	12	1,550,000	1,550,000
Other payables		3,403,017	3,885,440
Non-current liabilities other than provisions	13	4,953,017	5,435,440
Current portion of non-current liabilities other than provisions	13	1,227,552	0
Bank loans		9,369,372	7,172,602
Trade payables		29,066,464	16,134,210
Payables to group enterprises		318,898	321,598
Other payables	14	2,377,005	4,033,606
Current liabilities other than provisions		42,359,291	27,662,016
Liabilities other than provisions		47,312,308	33,097,456
Equity and liabilities		59,342,195	39,484,260
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	16		
Assets charged and collateral	17		
Transactions with related parties	18		

Statement of changes in equity for 2019

	Contributed capital DKK	Share premium 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	0	176,112	14,331,269	(12,731,209)
Increase of capital	10,205	2,989,795	0	0	0
Exchange rate adjustments	0	0	(1,380)	0	0
Other entries on equity	0	0	(17,081)	0	0
Transfer for coverage of losses	0	0	48,088	0	(48,088)
Transfer to reserves	0	0	0	9,352,453	(9,352,453)
Profit/loss for the year	0	0	(162,244)	0	331,415
Equity end of year	510,205	2,989,795	43,495	23,683,722	(21,800,335)
					Total DKK
Equity beginning of year					2,276,172
Increase of capital					3,000,000
Exchange rate adjustments					(1,380)
Other entries on equity					(17,081)
Transfer for coverage of losses					0
Transfer to reserves					0
Profit/loss for the year					169,171
Equity end of year					5,426,882

Cash flow statement for 2019

	Notes	2019 DKK	2018 DKK
Operating profit/loss		1,542,935	3,098,246
Amortisation, depreciation and impairment losses		4,931,227	2,257,192
Writedown of current assets		(48,088)	0
Working capital changes	15	2,588,714	2,546,386
Exchange rate adjustments		0	23,664
Cash flow from ordinary operating activities		9,014,788	7,925,488
Financial income received		307,433	482,414
Financial expenses paid		(1,622,795)	(1,739,035)
Income taxes refunded/(paid)		2,596,215	1,543,563
Cash flows from operating activities		10,295,641	8,212,430
Acquisition etc of intangible assets		(16,221,197)	(10,678,893)
Acquisition etc of property, plant and equipment		(402,065)	(237,448)
Sale of property, plant and equipment		0	16,490
Cash flows from investing activities		(16,623,262)	(10,899,851)
Loans raised		295,129	4,889,621
Incurrence of debt to group enterprises		0	102,730
Repayment of debt to group enterprises		(2,700)	0
Cash increase of capital		3,000,000	0
Cash flows from financing activities		3,292,429	4,992,351
Increase/decrease in cash and cash equivalents		(3,035,192)	2,304,930
Cash and cash equivalents beginning of year		(3,442,827)	(5,747,757)
Cash and cash equivalents end of year		(6,478,019)	(3,442,827)
Cash and cash equivalents at year-end are composed of:			
Cash		2,891,353	3,729,775
Short-term debt to banks		(9,369,372)	(7,172,602)
Cash and cash equivalents end of year		(6,478,019)	(3,442,827)

Notes

1 Events after the balance sheet date

After the end of the financial year, no events have occurred that could materially affect the Company's financial position as at 31 December 2019.

Subsequently, in March 2020, the spread of COVID-19 has increased and affected virtually the whole world. This event might significantly affect economic activity worldwide, and as a result, the company's operations and financial results. The extent to which the COVID-19 will impact our results cannot be reliably predicted.

However, the company's activity is not expected to be significantly affected by the situation and management believes that the company is well positioned in relation to an expected difficult period.

2 Staff costs

	2019	2018
	DKK	DKK
Wages and salaries	30,348,452	24,570,493
Pension costs	24,040	327,160
Other social security costs	379,382	344,211
	30,751,874	25,241,864
Staff costs classified as assets	(14,284,787)	(10,578,893)
	16,467,087	14,662,971
Average number of full-time employees	61	66

	Remuneration of management 2019 DKK	Remuneration of management 2018 DKK
Total amount for management categories	2,430,976	2,236,103
	2,430,976	2,236,103

3 Depreciation, amortisation and impairment losses

	2019	2018
	DKK	DKK
Amortisation of intangible assets	4,230,873	1,528,692
Depreciation of property, plant and equipment	700,354	728,500
Profit/loss from sale of intangible assets and property, plant and equipment	0	16,490
	4,931,227	2,273,682

4 Tax on profit/loss for the year

	2019 DKK	2018 DKK
Current tax	(2,596,215)	(1,543,563)
Change in deferred tax	2,492,373	1,936,412
Adjustment concerning previous years	0	(54)
	(103,842)	392,795

5 Proposed distribution of profit and loss

	2019 DKK	2018 DKK
Retained earnings	169,171	1,404,525
	169,171	1,404,525

6 Intangible assets

	Completed development projects DKK	Development projects in progress DKK
Cost beginning of year	11,425,383	10,678,893
Additions	10,678,893	16,221,197
Disposals	0	(10,678,893)
Cost end of year	22,104,276	16,221,197
Amortisation and impairment losses beginning of year	(2,625,546)	0
Amortisation for the year	(4,230,873)	0
Amortisation and impairment losses end of year	(6,856,419)	0
Carrying amount end of year	15,247,857	16,221,197

7 Development projects

The aim of development projects is to further 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.

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	4,329,639
Additions	402,065
Cost end of year	4,731,704
Depreciation and impairment losses beginning of year	(2,787,050)
Depreciation for the year	(700,354)
Depreciation and impairment losses end of year	(3,487,404)
Carrying amount end of year	1,244,300

9 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	249,138
Cost end of year	249,138
Revaluations beginning of year	176,112
Exchange rate adjustments	(1,380)
Share of profit/loss for the year	(162,244)
Investments with negative equity value depreciated over receivables	48,088
Other adjustments	(17,081)
Revaluations end of year	43,495
Carrying amount end of year	292,633

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Easytranslate AB	Sweden	AB	100
EasyTranslate GmbH	Germany	GmbH	100

10 Prepayments

Prepayments include prepaid expenses such as insurance.

11 Deferred tax

	2019	2018
	DKK	DKK
Intangible assets	6,923,192	4,285,321
Property, plant and equipment	(13,790)	44,443
Provisions	(98,310)	(11,045)
Tax losses carried forward	(208,087)	(208,087)
Deferred tax	6,603,005	4,110,632

	2019	2018
	DKK	DKK
Changes during the year		
Beginning of year	4,110,632	2,174,274
Recognised in the income statement	2,492,373	1,936,358
End of year	6,603,005	4,110,632

12 Subordinate loan capital

The owners have agreed upon providing subordinated loan capital with no instalments until approved by all shareholders.

13 Non-current liabilities other than provisions

	Due within 12	Due after
	months	more than 12
	2019	2019
	DKK	DKK
Subordinate loan capital	0	1,550,000
Other payables	1,227,552	3,403,017
	1,227,552	4,953,017

14 Other payables

	2019	2018
	DKK	DKK
VAT and duties	1,062,927	2,468,267
Wages and salaries, personal income taxes, social security costs, etc payable	55,613	80,625
Holiday pay obligation	1,258,465	1,484,714
	2,377,005	4,033,606

15 Changes in working capital

	2019	2018
	DKK	DKK
Increase/decrease in receivables	(9,120,511)	(2,436,222)
Increase/decrease in trade payables etc	11,709,225	4,982,608
	2,588,714	2,546,386

16 Unrecognised rental and lease commitments

	2019	2018
	DKK	DKK
Liabilities under rental or lease agreements until maturity in total	3,069,242	1,639,191

Unrecognised rental and lease commitments consists of the rental commitments regarding the tenancy at Sundkaj 153, 2150 Nordhavn and the tenancy at Bygmestervej 10, 2400 København NV.

17 Assets charged and collateral

A payment guarantee of DKK 314 thousand is secured by way of mortgage on cash deposit with banks of DKK 314 thousand at 31 December 2019.

Bank debt of DKK 9,370 thousand and non-current other payables of DKK 3,885 thousand are secured by way of company charges of DKK 6,000 thousand nominal and DKK 4,000 thousand nominal respectively. The carrying amount of mortgaged assets totals DKK 53,153 thousand at 31 December 2019.

18 Transactions with related parties

In 2019, there have not been any transactions with related parties, that were not based on market terms.

Accounting policies

Reporting class

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

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

Consolidated financial statements

The Company has investments in the subsidiaries, EasyTranslate GmbH and EasyTranslate AB. Referring to section 114 of the Danish Financial Statements Act, no consolidated financial statements have been prepared, as the figures between the consolidated financial statements and the annual report would be immaterial.

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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income, cost of sales and 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 operating income

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

Cost of sales

Cost of sales comprises services consumed in the financial year measured at cost.

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, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and 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, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet**Intellectual property rights etc**

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

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

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

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5-20 years.

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	3-10 years
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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.

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

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

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 the tax-based value of assets and liabilities, for which the tax-based value 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.

Cash flow statement

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

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.