

SYBO ApS
Jorcks Passage 1 A, 4.
1162 Copenhagen K
Business Registration No
33858183

Annual report 2018

The Annual General Meeting adopted the annual report on 12.04.2019

Chairman of the General Meeting

Name: Mathias Gredal Coskun Nørvig

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Entity details

Entity

SYBO ApS
Jorcks Passage 1 A, 4.
1162 Copenhagen K

Central Business Registration No (CVR): 33858183
Registered in: Copenhagen
Financial year: 01.01.2018 - 31.12.2018

Executive Board

Mathias Gredal Coskun Nørvig, CEO
Bodie Daniel Jahn-Mulliner
Erik Sylvester Rishøj Jensen

Auditors

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

Statement by Management on the annual report

The Executive Board has today considered and approved the annual report of SYBO ApS for the financial year 01.01.2018 - 31.12.2018.

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 31.12.2018 and of the results of its operations and cash flows for the financial year 01.01.2018 - 31.12.2018.

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, 12.04.2019

Executive Board

Mathias Gredal Coskun Nørvig
CEO

Bodie Daniel Jahn-Mulliner

Erik Sylvester Rishøj Jensen

Independent auditor's report

To the shareholder of SYBO ApS

Opinion

We have audited the financial statements of SYBO ApS for the financial year 01.01.2018 - 31.12.2018, 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 31.12.2018 and of the results of its operations and cash flows for the financial year 01.01.2018 - 31.12.2018 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.

Independent auditor's report

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.

Independent auditor's report

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.

Violation of company law on loans to shareholder

Contrary to the Danish Companies Act, the Company has granted loans to shareholder, for which Management may be held liable.

Copenhagen, 12.04.2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

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

Sune Baadsager Holm
State-Authorised Public Accountant
Identification No (MNE) mne35443

Management commentary

	2018	2017	2016/2017	2015/2016	2014/2015
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial highlights					
Key figures					
Gross profit	59.217	45.970	143.662	0	0
Operating profit/loss	(19.241)	1.693	106.657	133.570	199.582
Net financials	(8.040)	1.889	20.340	(11.296)	13.757
Profit/loss for the year	(25.453)	2.799	98.963	95.345	163.243
Total assets	384.796	403.150	442.420	374.124	326.219
Equity	317.668	343.681	360.882	281.920	267.576
Average numbers of employees	79	60	47	40	27
Ratios					
Return on equity (%)	(7,7)	0,8	30,8	34,7	75,6
Equity ratio (%)	82,6	85,2	81,6	75,4	82,0

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

Ratios	Calculation formula	Calculation formula reflects
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

The Company's primary activities comprise development of proprietary universes for smartphones, animation and merchandise.

Development in activities and finances

It has been a great year further developing the global appeal of SYBO's main IP, SUBWAY SURFERS, its core, the animated content around it and the agents pursuing licensing deals. The other gaming teams continuously innovate in new gameplay, game mechanics and monetization efforts.

In mid-2018, Subway Surfers breached the two billion download mark and continued with a great second half of 2018, ending on 2.4 billion downloads across mobile platforms. Revenue is still stagnating, albeit the game still currently have 20 mio. active users entertained every day.

The financial results reflect a full commitment to remaining the biggest and most progressive mobile gaming company in Denmark. SYBO can pride itself of spearheading the national industry efforts, making the political environment aware of the industry's potential and introducing smaller studios to international contacts. All in the name of more creativity, more creative jobs and having the best conditions for having fun and making fun products.

The hard work attracting the best talents on a global scale continued into 2018 and the number of employees increased to more than 90 people representing 20 countries.

SYBO's financial investments are based on a strong impact portfolio, and active risk management strategy. The company's overall performance for the year is satisfactory and in line with our plans and expectations.

Financial results are in line with expectations due to accelerated investment in remaining the biggest and most progressive mobile gaming company in Denmark.

The previous financial year included an 8-month period from 01.05.2017 to 31.12.2017 and is therefore not comparable with the current financial year.

Outlook

The keywords for the future will be innovation and growth, and we expect the 2019 financial performance to reach the same level as this year, with new commercial releases expected in late 2019.

We will keep pursuing exciting and innovative opportunities and will keep recruiting and retaining world class talent governed by our shared common SYBO values.

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 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Gross profit		59.217.357	45.970.113
Staff costs	1	(58.711.138)	(31.112.217)
Depreciation, amortisation and impairment losses	2	<u>(19.746.859)</u>	<u>(13.164.573)</u>
Operating profit/loss		(19.240.640)	1.693.323
Other financial income	3	8.610.102	8.412.230
Impairment losses on financial assets		(250.000)	0
Other financial expenses	4	<u>(16.400.135)</u>	<u>(6.523.407)</u>
Profit/loss before tax		(27.280.673)	3.582.146
Tax on profit/loss for the year	5	<u>1.827.576</u>	<u>(783.082)</u>
Profit/loss for the year	6	<u>(25.453.097)</u>	<u>2.799.064</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Acquired intangible assets		57.569.509	77.316.368
Intangible assets	7	<u>57.569.509</u>	<u>77.316.368</u>
Other fixtures and fittings, tools and equipment		0	0
Property, plant and equipment	8	<u>0</u>	<u>0</u>
Investments in associates		4.963.160	0
Other investments		26.463.313	15.701.597
Deferred tax	10	644.360	0
Fixed asset investments	9	<u>32.070.833</u>	<u>15.701.597</u>
Fixed assets		<u>89.640.342</u>	<u>93.017.965</u>
Trade receivables		33.101.411	36.722.827
Receivables from group enterprises		34.879.741	27.803.556
Receivables from associates		26.292	25.773
Other receivables		2.779.328	4.874.144
Income tax receivable		483.776	0
Receivables from owners and management	11	0	43.722
Prepayments	12	525.491	275.508
Receivables		<u>71.796.039</u>	<u>69.745.530</u>
Other investments		203.494.573	230.346.758
Other investments		<u>203.494.573</u>	<u>230.346.758</u>
Cash		<u>19.864.562</u>	<u>10.039.981</u>
Current assets		<u>295.155.174</u>	<u>310.132.269</u>
Assets		<u>384.795.516</u>	<u>403.150.234</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Contributed capital		80.000	80.000
Retained earnings		317.588.291	343.041.388
Proposed dividend		<u>0</u>	<u>560.000</u>
Equity		<u>317.668.291</u>	<u>343.681.388</u>
Deferred tax	10	<u>0</u>	<u>910.444</u>
Provisions		<u>0</u>	<u>910.444</u>
Trade payables		2.584.093	5.604.771
Payables to group enterprises		3.892.836	4.332.724
Income tax payable		0	1.609.819
Other payables		55.941.840	47.011.088
Deferred income	13	<u>4.708.456</u>	<u>0</u>
Current liabilities other than provisions		<u>67.127.225</u>	<u>58.558.402</u>
Liabilities other than provisions		<u>67.127.225</u>	<u>58.558.402</u>
Equity and liabilities		<u>384.795.516</u>	<u>403.150.234</u>
Contingent liabilities	15		
Assets charged and collateral	16		
Related parties with controlling interest	17		
Transactions with related parties	18		
Group relations	19		

Statement of changes in equity for 2018

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	80.000	343.041.388	560.000	343.681.388
Ordinary dividend paid	0	0	(560.000)	(560.000)
Profit/loss for the year	0	(25.453.097)	0	(25.453.097)
Equity end of year	80.000	317.588.291	0	317.668.291

Cash flow statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Operating profit/loss		(19.240.640)	1.693.323
Amortisation, depreciation and impairment losses		19.746.859	13.164.573
Working capital changes	14	<u>6.130.910</u>	<u>(13.551.752)</u>
Cash flow from ordinary operating activities		6.637.129	1.306.144
Financial income received		5.497.988	6.354.305
Financial expenses paid		453.581	(11.218.924)
Income taxes refunded/(paid)		<u>(1.820.820)</u>	<u>(26.088.164)</u>
Cash flows from operating activities		<u>10.767.878</u>	<u>(29.646.639)</u>
Acquisition of fixed asset investments		(10.165.087)	(1.629.075)
Acquisition of enterprises		(4.963.160)	0
Acquisition of the investments		(42.064.631)	(62.747.950)
Divestment of other investments		<u>56.809.581</u>	<u>45.377.517</u>
Cash flows from investing activities		<u>(383.297)</u>	<u>(18.999.508)</u>
Dividend paid		<u>(560.000)</u>	<u>(20.000.000)</u>
Cash flows from financing activities		<u>(560.000)</u>	<u>(20.000.000)</u>
Increase/decrease in cash and cash equivalents		9.824.581	(68.646.147)
Cash and cash equivalents beginning of year		<u>10.039.981</u>	<u>78.686.128</u>
Cash and cash equivalents end of year		<u>19.864.562</u>	<u>10.039.981</u>

Notes

	2018	2017
	DKK	DKK
1. Staff costs		
Wages and salaries	52.943.780	27.258.458
Pension costs	2.653.360	1.448.545
Other social security costs	179.936	91.199
Other staff costs	2.934.062	2.314.015
	58.711.138	31.112.217
Average number of employees	79	60
	Remunera- tion of manage- ment 2018 DKK	Remunera- tion of manage- ment 2017 DKK
Executive Board	6.007.746	3.639.118
	6.007.746	3.639.118
	2018	2017
	DKK	DKK
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	19.746.859	13.164.573
	19.746.859	13.164.573
	2018	2017
	DKK	DKK
3. Other financial income		
Financial income arising from group enterprises	608.012	85.219
Financial income from associates	0	244
Other interest income	7.939.750	6.187.340
Exchange rate adjustments	62.340	0
Fair value adjustments	0	2.139.427
	8.610.102	8.412.230

Notes

	2018	2017
	DKK	DKK
4. Other financial expenses		
Financial expenses from group enterprises	77.982	51.570
Other interest expenses	13.840.661	6.384.904
Exchange rate adjustments	0	86.440
Fair value adjustments	2.480.999	0
Other financial expenses	493	493
	16.400.135	6.523.407

	2018	2017
	DKK	DKK
5. Tax on profit/loss for the year		
Current tax	(272.772)	957.693
Change in deferred tax	(1.554.804)	(174.611)
	(1.827.576)	783.082

	2018	2017
	DKK	DKK
6. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	0	560.000
Retained earnings	(25.453.097)	2.239.064
	(25.453.097)	2.799.064

	Acquired intangible assets DKK
7. Intangible assets	
Cost beginning of year	98.734.296
Cost end of year	98.734.296
Amortisation and impairment losses beginning of year	(21.417.928)
Amortisation for the year	(19.746.859)
Amortisation and impairment losses end of year	(41.164.787)
Carrying amount end of year	57.569.509

Notes

	Other fixtures and fittings, tools and equipment DKK
8. Property, plant and equipment	
Cost beginning of year	63.837
Cost end of year	63.837
Depreciation and impairment losses beginning of year	(63.837)
Depreciation and impairment losses end of year	(63.837)
Carrying amount end of year	0

	Invest- ments in associates DKK	Other investments DKK	Deferred tax DKK
9. Fixed asset investments			
Cost beginning of year	0	15.701.597	0
Addition through business combinations etc	4.963.160	0	0
Exchange rate adjustments	0	846.628	0
Additions	0	10.165.088	644.360
Disposals	0	(250.000)	0
Cost end of year	4.963.160	26.463.313	644.360
Carrying amount end of year	4.963.160	26.463.313	644.360

10. 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.

	Executive Board	Total DKK
11. Receivables from owners and management		
Interest rate	10,50	
Repaid during the year	43.722	43.722
Incurred and repaid during the year	43.722	43.722

Notes

12. Prepayments

Prepayments consist of office rent, consulting services, subscriptions and other prepayments.

13. Deferred income

Deferred income consists of contract accrual.

	2018	2017
	DKK	DKK
14. Change in working capital		
Increase/decrease in receivables	(3.706.160)	(16.747.756)
Increase/decrease in trade payables etc	9.837.070	3.196.004
	6.130.910	(13.551.752)

15. Contingent liabilities

The Company has entered into a rent agreement which is irrevocable up to and until 30 April 2019 corresponding to a liability of DKK 1.756 thousand.

At the balance sheet date, the Company is engaged in a trial against the Company. Due to material uncertainty, Company Management has not been able to assess the outcome of the pending trial.

The Entity participates in a Danish joint taxation arrangement where SYBO Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

16. Assets charged and collateral

As security for all balances with Danske Bank, the Company has granted a charge on a portfolio of securities corresponding to DKK 20.387 thousand.

17. Related parties with controlling interest

The share capital is wholly owned by SYBO Holding ApS, Jorcks Passage 1A, 4. - 1162 Copenhagen K.

18. Transactions with related parties

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. During the financial year, related party transactions have been conducted on an arm's length basis in addition to the above transactions.

Notes

19. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
SYBO Holding ApS, Copenhagen, Denmark.

Accounting policies

Reporting class

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

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

Non-comparability

The previous financial year included an 8-month period from 01.05.2017 to 31.12.2017 and is therefore not comparable with the current financial year.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, cost of raw materials and consumables as well as 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.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

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 impairment losses relating to intangible assets comprise depreciation, amortisation 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.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Accounting policies

Impairment of financial assets

Impairment losses on financial assets comprise impairment losses on 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 or exchange 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

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.

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. The depreciation period amount to 5 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. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each asset.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

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:

Accounting policies

Other fixtures and fittings, tools and equipment 1 year

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 associates

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

Associates 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 associate, 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 associates is transferred to Reserve for net revaluation according to the equity method under equity.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. 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 amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually. The amortisation periods used are 5 years.

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

Other investments

Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date, and unlisted equity investments measured at the lower of cost and net realisable value.

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.

Accounting policies

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.

Other investments

Other current asset investments comprise listed securities measured at fair value (market price) at the balance sheet date, and unlisted investments measured at the lower of cost and net realisable value.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Operating leases

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

Other financial liabilities

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

Deferred income

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

Cash flow statement

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

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

Accounting policies

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

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, 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.