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PLM Holding ApS

Edlevej 4
2900 Hellerup
Central Business Registration
No 34350930

Annual report 2016

The Annual General Meeting adopted the annual report on 28.04.2017

Chairman of the General Meeting

Name: Jan Lundström

Contents

Entity details

Entity
PLM Holding ApS
Edlevej 4
2900 Hellerup

Central Business Registration No: 34350930
Founded: 22.02.2012
Registered in: Hellerup
Financial year: 01.01.2016 - 31.12.2016

Board of Directors
Jess Glad Frandsen, Chairman of the board
Morten Strømsted
Allan Thorvaldsen

Executive Board
Morten Strømsted

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postbox 1600
0900 Copenhagen

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of PLM Holding ApS for the financial year 01.01.2016 - 31.12.2016.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations and cash flows 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.

Hellerup, 28.04.2017

Executive Board

Morten Strømsted

Board of Directors

Jess Glad Frandsen Chairman of the board	Morten Strømsted	Allan Thorvaldsen

Independent auditor's report

To the shareholders of PLM Holding ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of PLM Holding ApS 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, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements 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 the 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 the 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 the 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 the 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 the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the 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

Independent auditor's report

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 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 the 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 the 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 the 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 the parent financial statements, including the disclosures in the notes, and whether the consolidated 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 the 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 the 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 the 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 the 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, 28.04.2017

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Henrik Hjort Kjelgaard
statsautoriseret revisor

Management commentary

	2016 EUR'000	2015 EUR'000	2014 EUR'000	2013 EUR'000	2012 EUR'000
Financial highlights					
Key figures					
Gross profit	12.294	9.988	8.894	9.712	7.850
Operating profit/loss	1.803	1.332	1.378	2.025	2.097
Net financials	(397)	(106)	(402)	(576)	(469)
Profit/loss for the year	881	721	605	1.093	886
Total assets	20.210	17.623	15.890	16.578	17.872
Investments in property, plant and equipment	8	0	41	6	0
Equity	4.661	5.228	4.656	4.000	2.907
Cash flows from (used in) operating activities	1.795	2.060	2.252	2.336	1.211
Cash flows from (used in) investing activities	(623)	(2)	176	(6)	(13.418)
Cash flows from (used in) financing activities	8	(1.930)	(2.877)	(2.202)	12.148
Ratios					
Return on equity (%)	17,8	14,6	14,0	31,6	30,5
Equity ratio (%)	23,1	29,7	29,3	24,1	16,3

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

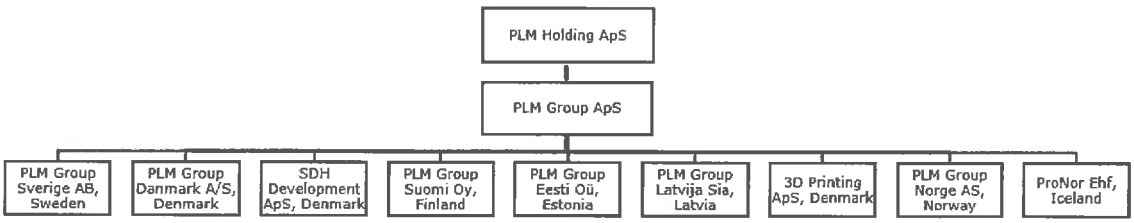
Ratios	Calculation formula	Ratios
Return on equity (%)	Profit/loss for the year x 100 / Average equity incl minority interests	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	Equity x 100 / Total assets	The financial strength of the entity.

Management commentary

Primary activities

PLM Group is the largest Dassault Systemes / SolidWorks value added reseller in Northern Europe serving approx. 5,000 customers from a wide range of industries.

PLM Group makes customers more competitive by implementing solutions based on PLM application software into their entire value chain. The intuitive and high torques solutions generate 3D capabilities to sell, design, manufacture, deliver and service better products, faster and more cost-effectively.



Development in activities and finances

The result for the year is a profit of EUR 881k which is considered in line with Management's expectation. In April 2016, the largest Norwegian SolidWorks was acquired. Significant growth was achieved within all main product categories. Most IT systems have been relocated to an external hosted environment and internal servers closed down. All business units, including the new Norwegian company, have been moved to a common CRM platform and support system, facilitating cross-border collaboration.

Uncertainty relating to recognition and measurement

In the consolidated financial statements and the parent financial statements, there are no significant uncertainties regarding recognition and measurement.

There have not been any unusual circumstances which may have an impact on the recognition and measurement in the consolidated financial statements and the parent financial statements for 2016.

Particular risks

Business risks

The most significant business risks are primarily related to the general financial development in the Nordic and Baltic region.

Financial exposure

The Group has no significant financial risks.

Management commentary

Environmental performance

As a result of the activities in the Group that primarily consist of sale of software solutions, the Group's environmental impact is limited.

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 EUR'000	2015 EUR'000
Gross profit		**12.294**	**9.988**
Staff costs	1	(9.775)	(7.982)
Depreciation, amortisation and impairment losses	2	(716)	(674)
Operating profit/loss		**1.803**	**1.332**
Other financial income	3	18	67
Other financial expenses	4	(415)	(173)
Profit/loss before tax		**1.406**	**1.226**
Tax on profit/loss for the year	5	(525)	(505)
Profit/loss for the year	6	**881**	**721**

Consolidated balance sheet at 31.12.2016

	Notes	2016 EUR'000	2015 EUR'000
Acquired intangible assets		0	11
Goodwill		10.432	10.090
Development projects in progress		67	57
Intangible assets	7	**10.499**	**10.158**
Other fixtures and fittings, tools and equipment		47	77
Property, plant and equipment	8	**47**	**77**
Deposits		87	98
Deferred tax		90	297
Fixed asset investments	9	**177**	**395**
Fixed assets		**10.723**	**10.630**
Manufactured goods and goods for resale		535	150
Inventories		**535**	**150**
Trade receivables		6.222	5.597
Receivables from group enterprises		58	0
Other receivables	10	482	315
Income tax receivable		23	40
Prepayments	11	284	188
Receivables		**7.069**	**6.140**
Cash		**1.883**	**703**
Current assets		**9.487**	**6.993**
Assets		**20.210**	**17.623**

Consolidated balance sheet at 31.12.2016

	Notes	2016 EUR'000	2015 EUR'000
Contributed capital		134	134
Reserve for development expenditure		10	0
Retained earnings		3.172	5.094
Proposed dividend		1.345	0
Equity		**4.661**	**5.228**
Deferred tax		526	429
Provisions		**526**	**429**
Bank loans		3.194	2.215
Other payables		537	0
Non-current liabilities other than provisions		**3.731**	**2.215**
Trade payables		4.084	3.401
Income tax payable		339	437
Other payables		5.282	4.556
Deferred income	12	1.587	1.357
Current liabilities other than provisions		**11.292**	**9.751**
Liabilities other than provisions		**15.023**	**11.966**
Equity and liabilities		**20.210**	**17.623**
Group relations	14		

Consolidated statement of changes in equity for 2016

	Contributed capital EUR'000	Reserve for development expenditure EUR'000	Retained earnings EUR'000	Proposed dividend EUR'000
Equity beginning of year	134	0	5.094	0
Extraordinary dividend paid	0	0	(1.567)	0
Value adjustments	0	0	119	0
Transfer to reserves	0	0	(10)	0
Profit/loss for the year	0	10	(464)	1.345
Equity end of year	**134**	**10**	**3.172**	**1.345**

	Total EUR'000
Equity beginning of year	5.228
Extraordinary dividend paid	(1.567)
Value adjustments	119
Transfer to reserves	(10)
Profit/loss for the year	891
Equity end of year	**4.661**

Consolidated cash flow statement for 2016

	Notes	2016 EUR'000	2015 EUR'000
Operating profit/loss		1.803	1.332
Amortisation, depreciation and impairment losses		716	674
Working capital changes	13	(25)	160
Cash flow from ordinary operating activities		**2.494**	**2.166**
Financial income received		18	67
Financial income paid		(415)	(173)
Income taxes refunded/(paid)		(302)	0
Cash flows from operating activities		**1.795**	**2.060**
Acquisition etc of intangible assets		(10)	(57)
Acquisition etc of property, plant and equipment		(8)	(74)
Sale of property, plant and equipment		0	129
Sale of fixed asset investments		10	0
Acquisition of enterprises		(615)	0
Cash flows from investing activities		**(623)**	**(2)**
Loans raised		1.574	575
Instalments on loans etc		0	(2.505)
Dividend paid		(1.566)	0
Cash flows from financing activities		**8**	**(1.930)**
Increase/decrease in cash and cash equivalents		**1.180**	**128**
Cash and cash equivalents beginning of year		703	575
Cash and cash equivalents end of year		**1.883**	**703**

Notes to consolidated financial statements

	2016 EUR'000	2015 EUR'000
1. Staff costs		
Wages and salaries	7.422	6.160
Pension costs	772	589
Other social security costs	1.363	1.060
Other staff costs	218	173
	9.775	**7.982**
Average number of employees	**119**	**102**

	2016 EUR'000	2015 EUR'000
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	678	634
Depreciation of property, plant and equipment	38	39
Profit/loss from sale of intangible assets and property, plant and equipment	0	1
	716	**674**

	2016 EUR'000	2015 EUR'000
3. Other financial income		
Interest income	18	3
Exchange rate adjustments	0	64
	18	**67**

	2016 EUR'000	2015 EUR'000
4. Other financial expenses		
Interest expenses	183	173
Exchange rate adjustments	232	0
	415	**173**

	2016 EUR'000	2015 EUR'000
5. Tax on profit/loss for the year		
Tax on current year taxable income	424	389
Change in deferred tax for the year	98	116
Adjustment concerning previous years	3	0
	525	**505**

Notes to consolidated financial statements

	2016 EUR'000	2015 EUR'000
6. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	1.345	0
Retained earnings	(464)	721
	881	**721**

	Acquired intangible assets EUR'000	Goodwill EUR'000	Develop-ment projects in progress EUR'000
7. Intangible assets			
Cost beginning of year	369	12.419	57
Additions	0	1.009	10
Cost end of year	**369**	**13.428**	**67**
Amortisation and impairment losses beginning of year	(358)	(2.329)	0
Amortisation for the year	(11)	(667)	0
Amortisation and impairment losses end of year	**(369)**	**(2.996)**	**0**
Carrying amount end of year	**0**	**10.432**	**67**

Development projects in progress relates to development of the Group's homepage. Management expects that development projects in progress is completed during 2017.

	Other fixtures and fittings, tools and equipment EUR'000
8. Property, plant and equipment	
Cost beginning of year	571
Additions	8
Cost end of year	**579**
Depreciation and impairment losses beginning of the year	(494)
Depreciation for the year	(38)
Depreciation and impairment losses end of the year	**(532)**
Carrying amount end of year	**47**

Notes to consolidated financial statements

	Deposits EUR'000	Deferred tax EUR'000
9. Fixed asset investments		
Cost beginning of year	98	297
Disposals	(11)	(207)
Cost end of year	**87**	**90**
Carrying amount end of year	**87**	**90**

	2016 EUR'000	2015 EUR'000
10. Other receivables		
Other receivables	482	315
	482	**315**

11. Prepayments

Prepayments primarily consist of prepaid insurance and rent.

12. Short-term deferred income

Deferred income consists of periodisation of revenue related to support agreements with clients.

	2016 EUR'000	2015 EUR'000
13. Change in working capital		
Increase/decrease in inventories	(255)	19
Increase/decrease in receivables	(384)	(2.230)
Increase/decrease in trade payables etc	614	2.371
	(25)	**160**

14. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
MST Finance & Consult ApS, Hellerup

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
MST Finance & Consult ApS, Hellerup

Parent income statement for 2016

	Notes	2016 EUR'000	2015 EUR'000
Gross loss		**(15)**	**(20)**
Other financial expenses	1	(188)	(205)
Profit/loss before tax		**(203)**	**(225)**
Tax on profit/loss for the year	2	40	7
Profit/loss for the year	3	**(163)**	**(218)**

Parent balance sheet at 31.12.2016

	Notes	2016 EUR'000	2015 EUR'000
Investments in group enterprises		13.346	13.346
Deferred tax		0	58
Fixed asset investments	4	**13.346**	**13.404**
Fixed assets		**13.346**	**13.404**
Receivables from group enterprises		74	0
Other receivables		16	0
Income tax receivable		23	40
Receivables		**113**	**40**
Cash		**53**	**0**
Current assets		**166**	**40**
Assets		**13.512**	**13.444**

Parent balance sheet at 31.12.2016

	Notes	2016 EUR'000	2015 EUR'000
Contributed capital		134	134
Retained earnings		2.888	5.963
Proposed dividend		1.345	0
Equity		**4.367**	**6.097**
Payables to group enterprises		8.289	5.783
Non-current liabilities other than provisions		**8.289**	**5.783**
Bank loans		0	755
Other payables		856	809
Current liabilities other than provisions		**856**	**1.564**
Liabilities other than provisions		**9.145**	**7.347**
Equity and liabilities		**13.512**	**13.444**
Contingent liabilities	5		
Mortgages and securities	6		

Parent statement of changes in equity for 2016

	Contributed capital EUR'000	Retained earnings EUR'000	Proposed dividend EUR'000	Total EUR'000
Equity beginning of year	134	5.963	0	6.097
Extraordinary dividend paid	0	(1.567)	0	(1.567)
Profit/loss for the year	0	(1.508)	1.345	(163)
Equity end of year	**134**	**2.888**	**1.345**	**4.367**

Notes to parent financial statements

	2016 EUR'000	2015 EUR'000
1. Other financial expenses		
Financial expenses from group enterprises	117	102
Interest expenses	71	103
	188	**205**

	2016 EUR'000	2015 EUR'000
2. Tax on profit/loss for the year		
Tax on current year taxable income	(23)	(7)
Adjustment concerning previous years	(17)	0
	(40)	**(7)**

	2016 EUR'000	2015 EUR'000
3. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	1.345	0
Retained earnings	(1.508)	(218)
	(163)	**(218)**

	Investments in group enterprises EUR'000
4. Fixed asset investments	
Cost beginning of year	13.346
Cost end of year	**13.346**
Carrying amount end of year	**13.346**

Investments in group enterprise:	Registered in	Corporate form	Owner share	Equity EUR'000	Profit/loss EUR'000
PLM Group ApS	Roskilde	ApS	100%	9.081	1.455

5. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which MST Finance & Consult ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is, therefore, liable from 1 July 2012 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

Notes to parent financial statements

The Company has given a guarantee of payment to PLM Group ApS for which reason PLM Holding ApS and PLM Group ApS will be equally liable to PLM Group ApS' bankers.

6. Mortgages and securities

Nominal DKK 250,000 of the Company's share capital is pledged as collateral to PLM Group ApS' bank connections for its balances with PLM Group ApS.

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

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.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Accounting policies

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate of the time of acquisition or the time of any subsequent revaluation or write-down. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement
Gross profit or loss
With reference to section 32 in the Danish Finacial Statement Act, the gross profit/loss contains revenue, 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.

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

Other external expenses
Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for stationery and office supplies, marketing costs, etc. This item also includes write-downs 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.

Accounting policies

Depreciation, amortisation and impairment losses
Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

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 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.

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
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
Goodwill
Goodwill is the positive difference between cost and value in use of assets and liabilities taken over as part of the acquisition. Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If it is not possible to estimate the useful life reliably, it is set at 20 years. Useful lives are reassessed on an annual basis.

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

Intellectual property rights etc
Intellectual property rights etc comprise development projects completed and in progress 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

Accounting policies

the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs 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 amortisation period is the remaining duration of the relevant rights.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years.

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

Property, plant and equipment
Land and buildings, plant and machinery as well as 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

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 measured at cost and are written down to the lower of recoverable amount and carrying amount.

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

Accounting policies

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

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

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.

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.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

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

Income tax receivable or payable
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.

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

Accounting policies

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.

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, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash.