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Kapitalen ApS

Bjernevej 5
5600 Faaborg
Central Business Registration
No 34883459

Annual report 2016

The Annual General Meeting adopted the annual report on 01.06.2017

Chairman of the General Meeting

Name: Knud Erik Banke Kristensen

Contents

Entity details

Entity

Kapitalen ApS

Bjernevej 5

5600 Faaborg

Central Business Registration No: 34883459

Registered in: Faaborg-Midtfyn

Financial year: 01.01.2016 - 31.12.2016

Executive Board

Johan Harald Gedda

Knud Erik Banke Kristensen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Tværkajen 5

Postboks 10

5100 Odense C

Statement by Management on the annual report

The Executive Board have today considered and approved the annual report of Kapitalen 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.

Faaborg-Midtfyn, 01.06.2017

Executive Board

Johan Harald Gedda

Knud Erik Banke Kristensen

Independent auditor's report

To the shareholders of Kapitalen ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Kapitalen 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 can arise from fraud or error and are considered material if, individually or in the aggregate, they could

Independent auditor's report

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.

Odense, 01.06.2017

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Lars Leopold Larsen
statsautoriseret revisor

Claus Kolin
statsautoriseret revisor

Management commentary

	2016 DKK'000	2015 DKK'000
Financial highlights		
Key figures		
Gross profit	45.717	20.476
Operating profit/loss	(20.799)	(34.815)
Net financials	362.940	13.557
Profit/loss for the year	337.272	(24.305)
Total assets	1.480.949	1.208.607
Investments in property, plant and equipment	840	7.193
Equity incl minority interests	1.397.440	1.097.485
Cash flows from (used in) operating activities	14.293	
Cash flows from (used in) investing activities	365.519	
Cash flows from (used in) financing activities	(78.729)	
Employees in average	75	69
Ratios		
Return on equity (%)	27,0	(2,2)
Equity ratio (%)	94,4	90,8

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 (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity incl minority interests}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity incl minority interests x 100}}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

The Company's activity consists of investing in securities and other assets management.

Development in activities and finances

Profit for the year was 337.272 t.DKK. The executive board is satisfied with the result.

The profit is positively affected by received dividends from other investments.

Uncertainty relating to recognition and measurement

There is uncertainty relating to recongnition and mesurement of other investments that are measured at the lower of cost and recoverable amount, cf. note 1 for further information.

Events after the balance sheet date

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

Consolidated income statement for 2016

	Notes	2016 DKK'000	2015 DKK'000
Gross profit		**45.717**	**20.476**
Staff costs	2	(56.364)	(48.119)
Depreciation, amortisation and impairment losses	3	(10.152)	(7.172)
Operating profit/loss		**(20.799)**	**(34.815)**
Income from other fixed assets investments		341.717	8
Other financial income	4	24.717	22.132
Other financial expenses	5	(3.494)	(8.583)
Profit/loss before tax		**342.141**	**(21.258)**
Tax on profit/loss for the year	6	(4.869)	(3.047)
Profit/loss for the year	7	**337.272**	**(24.305)**

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Completed development projects		19.585	21.105
Goodwill		3.742	5.177
Intangible assets	8	**23.327**	**26.282**
Land and buildings		24.528	24.528
Other fixtures and fittings, tools and equipment		15.560	18.438
Property, plant and equipment	9	**40.088**	**42.966**
Other investments		943.549	943.648
Fixed asset investments	10	**943.549**	**943.648**
Fixed assets		**1.006.964**	**1.012.896**
Manufactured goods and goods for resale		279	0
Inventories		**279**	**0**
Trade receivables		17.679	16.671
Deferred tax		1.348	2.160
Other receivables		33.408	21.312
Prepayments		2.758	3.752
Receivables		**55.193**	**43.895**
Other investments		70.524	104.909
Other investments		**70.524**	**104.909**
Cash		**347.989**	**46.907**
Current assets		**473.985**	**195.711**
Assets		**1.480.949**	**1.208.607**

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Contributed capital		500	500
Retained earnings		828.517	512.441
Equity attributable to the Parent's owners		**829.017**	**512.941**
Share of equity attributable to minority interests		**568.423**	**584.544**
Equity		**1.397.440**	**1.097.485**
Other payables		592	8.158
Deferred income		7.651	683
Non-current liabilities other than provisions		**8.243**	**8.841**
Bank loans		11.119	41.461
Trade payables		3.705	4.436
Income tax payable		4.968	10.954
Other payables		14.004	19.690
Deferred income		41.470	25.740
Current liabilities other than provisions		**75.266**	**102.281**
Liabilities other than provisions		**83.509**	**111.122**
Equity and liabilities		**1.480.949**	**1.208.607**
Uncertainty relating to recognition and measurement	1		
Mortgages and securities	12		
Subsidiaries	13		

Consolidated statement of changes in equity for 2016

	Contributed capital DKK'000	Retained earnings DKK'000	Share of equity attributable to minority interests DKK'000	Total DKK'000
Equity beginning of year	500	512.441	584.544	1.097.485
Exchange rate adjustments	0	3.503	0	3.503
Other equity postings	0	0	(40.820)	(40.820)
Profit/loss for the year	0	312.573	24.699	337.272
Equity end of year	**500**	**828.517**	**568.423**	**1.397.440**

Other equity postings are acquisition of minority interests in consolidated subsidiaries.

Consolidated cash flow statement for 2016

	Notes	2016 DKK'000
Operating profit/loss		(20.799)
Amortisation, depreciation and impairment losses		10.152
Working capital changes	11	14.004
Cash flow from ordinary operating activities		**3.357**
Financial income received		24.717
Financial income paid		(3.494)
Income taxes refunded/(paid)		(10.287)
Cash flows from operating activities		**14.293**
Acquisition etc of intangible assets		(2.488)
Acquisition etc of property, plant and equipment		(840)
Sale of property, plant and equipment		202
Sale of fixed asset investments		34.385
Dividends received		339.910
Loans		(5.650)
Cash flows from investing activities		**365.519**
Loans raised		7.859
Instalments on loans etc		(45.768)
Acquisition of minority interests		(40.820)
Cash flows from financing activities		**(78.729)**
Increase/decrease in cash and cash equivalents		**301.083**
Cash and cash equivalents beginning of year		46.906
Cash and cash equivalents end of year		**347.989**

Notes to consolidated financial statements

1. Uncertainty relating to recognition and measurement

Other investments are measured at the lower of cost and recoverable amount, see accounting policies.

As there is no regulated market for unlisted investments, the determination of the recoverable amount will be subject to som uncertainty.

To support the valuation, the Company's Management has obtained marked reports on comparable companies for determination of an EBIDTA price multiple for the use of the calculation of the recoverable amount and also prepared related sensitivity analyses.

The applied price multiple will consequently be subject to some uncertainty, which may affect the recoverable amount upwards as well as downwards.

	2016 DKK'000	2015 DKK'000
2. Staff costs		
Wages and salaries	44.980	39.079
Pension costs	5.719	4.370
Other staff costs	5.665	4.670
	56.364	**48.119**
Average number of employees	**75**	**69**

	2016 DKK'000	2015 DKK'000
3. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	6.024	4.243
Depreciation of property, plant and equipment	4.128	2.929
	10.152	**7.172**

	2016 DKK'000	2015 DKK'000
4. Other financial income		
Other financial income	24.717	22.132
	24.717	**22.132**

	2016 DKK'000	2015 DKK'000
5. Other financial expenses		
Other financial expenses	3.494	8.583
	3.494	**8.583**

Notes to consolidated financial statements

	2016 DKK'000	2015 DKK'000
6. Tax on profit/loss for the year		
Tax on current year taxable income	4.776	3.056
Change in deferred tax for the year	93	(9)
	4.869	**3.047**

	2016 DKK'000	2015 DKK'000
7. Proposed distribution of profit/loss		
Retained earnings	312.573	(52.754)
Minority interests' share of profit/loss	24.699	28.449
	337.272	**(24.305)**

	Completed develop-ment projects DKK'000	Goodwill DKK'000
8. Intangible assets		
Cost beginning of year	38.759	5.177
Exchange rate adjustments	843	143
Additions	2.986	0
Disposals	(498)	0
Cost end of year	**42.090**	**5.320**
Amortisation and impairment losses beginning of year	(17.654)	0
Exchange rate adjustments	(405)	0
Amortisation for the year	(4.446)	(1.578)
Amortisation and impairment losses end of year	**(22.505)**	**(1.578)**
Carrying amount end of year	**19.585**	**3.742**

Notes to consolidated financial statements

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000
9. Property, plant and equipment		
Cost beginning of year	24.528	21.799
Exchange rate adjustments	0	685
Additions	0	840
Disposals	0	(135)
Cost end of year	**24.528**	**23.189**
Depreciation and impairment losses beginning of the year	0	(3.363)
Exchange rate adjustments	0	(171)
Depreciation for the year	0	(4.128)
Reversal regarding disposals	0	33
Depreciation and impairment losses end of the year	**0**	**(7.629)**
Carrying amount end of year	**24.528**	**15.560**

	Other investments DKK'000
10. Fixed asset investments	
Cost beginning of year	943.648
Disposals	(99)
Cost end of year	**943.549**
Carrying amount end of year	**943.549**

	2016 DKK'000
11. Change in working capital	
Increase/decrease in inventories	(279)
Increase/decrease in receivables	(6.460)
Increase/decrease in trade payables etc	16.281
Other changes	4.462
	14.004

12. Mortgages and securities

Cash and other investments of a carrying amount of DKK 36.478k have been provided as security for bank debt.

Notes to consolidated financial statements

Kapitalen ApS has engaged to subscribe for further capital in two investment funds totalling DKK 0,5 million.

Gedda Invest ApS has engaged to subscribe for further capital in two investment funds totalling DKK 51,3 million.

	Registered in	Corporate form	Equity interest %
13. Subsidiaries			
Gedda Holding ApS	Faaborg-Midtfyn	ApS	100,0
Gedda Invest ApS	Faaborg-Midtfyn	ApS	0,1
Gedda Income ApS	Faaborg-Midtfyn	ApS	10,0
Energy Machines ApS	Faaborg-Midtfyn	ApS	100,0
Energy Machines SA	Luxembourg	SA	100,0
Energy Machines AB	Danderyd	AB	100,0
EGMA Systems AB	Sundsvall	AB	100,0
Teracloud SA	Luxembourg	SA	100,0
21st Century Software Inc.	Wayne, Pennsylvania	Inc.	100,0
VMS Software Inc.	Bolton, Massachussetts	Inc.	100,0

Parent income statement for 2016

	Notes	2016 DKK'000	2015 DKK'000
Gross loss		**(156)**	**(280)**
Staff costs	2	(96)	(96)
Depreciation, amortisation and impairment losses	3	(11)	(5)
Operating profit/loss		**(263)**	**(381)**
Income from investments in group enterprises		0	8
Income from other fixed assets investments		341.717	0
Other financial income	4	15.184	7.548
Other financial expenses	5	(23.796)	(24.517)
Profit/loss before tax		**332.842**	**(17.342)**
Tax on profit/loss for the year	6	1.983	4.288
Profit/loss for the year	7	**334.825**	**(13.054)**

Parent balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Other fixtures and fittings, tools and equipment		21	33
Property, plant and equipment	8	**21**	**33**
Investments in group enterprises		72.707	33.819
Other investments		943.549	941.481
Other receivables		0	774
Fixed asset investments	9	**1.016.256**	**976.074**
Fixed assets		**1.016.277**	**976.107**
Receivables from group enterprises		163.259	171.545
Deferred tax		1.194	1.356
Other receivables		32.547	0
Income tax receivable		1.914	5.362
Receivables		**198.914**	**178.263**
Other investments		16.415	18.583
Other investments		**16.415**	**18.583**
Cash		**182.440**	**4.607**
Current assets		**397.769**	**201.453**
Assets		**1.414.046**	**1.177.560**

Parent balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Contributed capital	10	500	500
Other reserves		677.393	677.393
Retained earnings		308.963	(25.862)
Equity		**986.856**	**652.031**
Bank loans		11.118	3.260
Payables to group enterprises		414.318	516.427
Income tax payable		131	131
Other payables		1.623	5.711
Current liabilities other than provisions		**427.190**	**525.529**
Liabilities other than provisions		**427.190**	**525.529**
Equity and liabilities		**1.414.046**	**1.177.560**

Uncertainty relating to recognition and measurement	1
Contingent liabilities	11
Related parties with controlling interest	12

Parent statement of changes in equity for 2016

	Contributed capital DKK'000	Other reserves DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	500	677.393	(25.862)	652.031
Profit/loss for the year	0	0	334.825	334.825
Equity end of year	**500**	**677.393**	**308.963**	**986.856**

Notes to parent financial statements

1. Uncertainty relating to recognition and measurement

Other investments are measured at the lower of cost and recoverable amount, see accounting policies.

As there is no regulated market for unlisted investments, the determination of the recoverable amount will be subject to som uncertainty.

To support the valuation, the Company's Management has obtained marked reports on comparable companies for determination of an EBIDTA price multiple for the use of the calculation of the recoverable amount and also prepared related sensitivity analyses.

The applied price multiple will consequently be subject to some uncertainty, which may affect the recoverable amount upwards as well as downwards.

	2016 DKK'000	2015 DKK'000
2. Staff costs		
Wages and salaries	96	96
	96	**96**
Average number of employees	1	1

	2016 DKK'000	2015 DKK'000
3. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	11	2
Profit/loss from sale of intangible assets and property, plant and equipment	0	3
	11	**5**

	2016 DKK'000	2015 DKK'000
4. Other financial income		
Financial income arising from group enterprises	4.095	3.696
Interest income	673	0
Fair value adjustments	1.211	0
Other financial income	9.205	3.852
	15.184	**7.548**

Notes to parent financial statements

	2016 DKK'000	2015 DKK'000
5. Other financial expenses		
Financial expenses from group enterprises	20.608	19.109
Interest expenses	265	0
Fair value adjustments	1.807	0
Other financial expenses	1.116	5.408
	23.796	**24.517**

	2016 DKK'000	2015 DKK'000
6. Tax on profit/loss for the year		
Tax on current year taxable income	(1.893)	(4.078)
Change in deferred tax for the year	162	1
Adjustment concerning previous years	(252)	(130)
Effect of changed tax rates	0	(81)
	(1.983)	**(4.288)**

	2016 DKK'000	2015 DKK'000
7. Proposed distribution of profit/loss		
Retained earnings	334.825	(13.054)
	334.825	**(13.054)**

	Other fixtures and fittings, tools and equipment DKK'000
8. Property, plant and equipment	
Cost beginning of year	33
Cost end of year	**33**
Depreciation and impairment losses beginning of the year	(1)
Depreciation for the year	(11)
Depreciation and impairment losses end of the year	**(12)**
Carrying amount end of year	**21**

Notes to parent financial statements

	Investments in group enterprises DKK'000	Other investments DKK'000	Other receivables DKK'000
9. Fixed asset investments			
Cost beginning of year	33.951	941.481	2.374
Transfers	(2.068)	2.068	0
Additions	41.056	0	0
Disposals	(232)	0	0
Cost end of year	**72.707**	**943.549**	**2.374**
Impairment losses beginning of year	(133)	0	(1.600)
Impairment losses for the year	0	0	(774)
Reversal regarding disposals	133	0	0
Impairment losses end of year	**0**	**0**	**(2.374)**
Carrying amount end of year	**72.707**	**943.549**	**0**

	Number	Par value DKK'000	Nominal value DKK'000
10. Contributed capital			
Ordinary Shares	500.000	1	500
	500.000		**500**

11. Contingent liabilities

The Entity serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed entities and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

Cash and other investments of a carrying amount of DKK 36.478k have been provided as security for bank debt.

The Company has engaged to subscribe for further capital in three investment funds totaling DKK 0,5 million.

12. Related parties with controlling interest

Johan Harald Gedda has the controlling interest on the basis of owner of 100% of the shares.

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.

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.

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.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' proportionate share of profit or loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

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

Income statement

Gross profit or loss

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

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue 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 writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc.

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

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

Income from investments in group enterprises

Income from investments in group enterprises comprises dividend etc received from the individual group enterprises in the financial year.

Income from other fixed asset investments

Income from other fixed asset investments comprises gains in the form of interest, dividends, etc on fixed asset investments which are not investments in group enterprises or associates.

Other financial income from group enterprises

Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

Accounting policies

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.

Financial expenses from group enterprises
Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

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 10 years. Useful lives are reassessed on an annual basis. The amortisation periods used are 10 years.

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

Intellectual property rights etc
Intellectual property rights etc comprise development projects completed and in progress 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 is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

Accounting policies

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. The amortisation periods used are 10 years.

Property, plant and equipment

Land and buildings as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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:

Buildings	30 years
Other fixtures and fittings, tools and equipment	5 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are measured at cost and are written down to the lower of recoverable amount and carrying amount.

Moreover, cost is reduced if more dividen is distributed than what has been earned in the entreprices on a total basis since the Parent's aquisition of the investment.

Other investments

Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date and unlisted equity instruments measured at cost. Unlisted equity instruments are written down to any lower net realisable value.

The recoverable amount of unlisted equity instruments is calculated anually based on EBITDA price multiples for comparable companies as well as expectations for the associates' earnings.

Inventories

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

Accounting policies

Cost consists of purchase price plus delivery costs.

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 writedowns for bad and doubtful debts.

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 carry forwards, 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.

Prepayments

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

Other investments

Securities recognised under current assets comprise listed securities measured at fair value (market price) at the balance sheet date.

Cash

Cash comprises cash in hand and bank deposits.

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.

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 and short-term securities with an insignificant price risk less short-term bank loans.