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Justt A/S

Dampfærgevej 10, 1. th.
2100 København Ø
Central Business Registration
No 37420336

Annual report 2017

The Annual General Meeting adopted the annual report on 17.05.2018

Chairman of the General Meeting

Name: Niels Torben Munck

Contents

Entity details

Entity
Justt A/S
Dampfærgevej 10, 1. th.
2100 København Ø

Central Business Registration No (CVR): 37420336
Registered in: København
Financial year: 01.01.2017 - 31.12.2017

Board of Directors
Michael Vinther
Morten Windfeldt Jensen
Amer Ramzan
Niels Torben Munck

Executive Board
Niels Torben Munck

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Justt A/S for the financial year 01.01.2017 - 31.12.2017.

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 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

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, 13.04.2018

Executive Board

Niels Torben Munck

Board of Directors

Michael Vinther	Morten Windfeldt Jensen	Amer Ramzan
Niels Torben Munck		

Independent auditor's report

To the shareholders of Justt A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Justt A/S for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent . The consolidated financial statements and 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 31.12.2017, and of the results of their operations for the financial year 01.01.2017 - 31.12.2017 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.

Other matterManagement'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

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

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

Independent auditor's report

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, 13.04.2018

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Stinus Tschentscher Andersen
State Authorised Public Accountant
Identification No (MNE) mne34148

Management commentary

Primary activities
Justt A/S is an international member organization offering a unique online purchasing portal that minimizes time spent on procurement of non-strategic products and services in small and medium sized enterprises (SME). The company leverages the effect of collective buying power by pre-negotiating prices, terms and conditions with suppliers on behalf of their members thereby achieving higher savings than members are able to achieve on their own. On justt.com members purchase from a carefully selected supplier portfolio within various categories and save money from both discounts and reduced time on purchasing. In 2017 Justt A/S has become an A/S.

Justt A/S was established in 2016 with the purpose to develop an online platform for non-strategic procurement for the SME segment. The new website and online platform was launched in early January 2017. The day-to-day operations are handled in the 100% controlled subsidiary company – Indkøb DK A/S – under the brands – Justt and Dansk Indkøb. Indkøb DK A/S is the market leading company offering easy procurement services to small and medium sized companies in Denmark. In 2017 Indkøb DK's revenue was 83,0 MDKK and had an equity of 13,3 MDKK.

Focus areas in 2017 was:

- Improvement of the website and the digital platform with new features
- Acquisition and activation of new members through digital marketing and call center activities
- Establishment of data mining
- Member offer improvement and optimizing
- German market start-up preparations

Justt A/S has invested more than 5,6 MDKK in the development of the website and the online platform in 2017. The development and the feature enhancement continue in 2018.

In 2017, the organization has been extended with 4 new colleagues to strengthen marketing and data analysis and a country manager is onboarded in Germany.

Development in activities and finances
The consolidated financial result in 2007 is a loss of DKK 6.694.956 and a balance sum of DKK 56.828.717. The equity is DKK 14.020.751.

The 2017 financial result of the parent is a loss of DKK 7.046.708. The balance shows a sum of DKK 39.668.520 and an equity of DKK 13.633.235.

The company is investing heavily in developing the new IT platform and European market expansion. New investments are expected during 2018.

Management commentary

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 2017

	Notes	2017 DKK	2016 DKK
Revenue		82.869.175	79.008.468
Cost of sales		(70.700.092)	0
Other external expenses		(7.351.558)	(68.754.602)
Gross profit/loss		**4.817.525**	**10.253.866**
Staff costs	1	(6.485.161)	(6.194.117)
Depreciation, amortisation and impairment losses	2	(4.388.313)	(3.695.114)
Operating profit/loss		**(6.055.949)**	**364.635**
Other financial income	3	56.315	54.732
Financial expenses from group enterprises		0	(534.584)
Other financial expenses	4	(2.136.995)	(1.390.722)
Profit/loss before tax		**(8.136.629)**	**(1.505.939)**
Tax on profit/loss for the year	5	1.441.673	(328.350)
Profit/loss for the year		**(6.694.956)**	**(1.834.289)**
Proposed distribution of profit/loss			
Retained earnings		(6.694.956)	(1.834.289)
		(6.694.956)	**(1.834.289)**

Consolidated balance sheet at 31.12.2017

	Notes	2017 DKK	2016 DKK
Completed development projects		6.711.362	0
Acquired trademarks		3.004.596	4.548.069
Goodwill		28.889.428	30.494.395
Development projects in progress		631.623	2.535.692
Intangible assets	6	**39.237.009**	**37.578.156**
Other fixtures and fittings, tools and equipment		142.206	154.591
Property, plant and equipment	7	**142.206**	**154.591**
Deposits		313.992	0
Other receivables		100.523	178.818
Fixed asset investments		**414.515**	**178.818**
Fixed assets		**39.793.730**	**37.911.565**
Trade receivables		1.520.243	6.158.278
Receivables from group enterprises		110.717	1.296.758
Deferred tax		1.666.238	617.795
Other receivables		951.899	2.209.334
Prepayments		272.502	1.036.728
Receivables		**4.521.599**	**11.318.893**
Cash		**12.513.388**	**86.448**
Current assets		**17.034.987**	**11.405.341**
Assets		**56.828.717**	**49.316.906**

Consolidated balance sheet at 31.12.2017

	Notes	2017 DKK	2016 DKK
Contributed capital		500.000	55.000
Retained earnings		13.520.751	13.160.705
Equity		**14.020.751**	**13.215.705**
Debt to other credit institutions		0	3.000.000
Convertible and dividend-yielding debt instruments		121.860	609.133
Payables to group enterprises		16.248.000	8.154.894
Non-current liabilities other than provisions		**16.369.860**	**11.764.027**
Current portion of long-term liabilities other than provisions		0	9.975.000
Bank loans		95.020	193.245
Trade payables		19.554.998	8.821.945
Payables to group enterprises		0	573.189
Joint taxation contribution payable		788.769	1.897.219
Other payables		5.999.319	2.654.776
Deferred income		0	221.800
Current liabilities other than provisions		**26.438.106**	**24.337.174**
Liabilities other than provisions		**42.807.966**	**36.101.201**
Equity and liabilities		**56.828.717**	**49.316.906**
Unrecognised rental and lease commitments	8		
Assets charged and collateral	9		
Subsidiaries	10		

Consolidated statement of changes in equity for 2017

	Contributed capital DKK	**Retained earnings DKK**	**Total DKK**
Equity beginning of year	55.000	13.160.706	13.215.706
Increase of capital	445.000	7.055.001	7.500.001
Profit/loss for the year	0	(6.694.956)	(6.694.956)
Equity end of year	**500.000**	**13.520.751**	**14.020.751**

Notes to consolidated financial statements

	2017 DKK	2016 DKK
1. Staff costs		
Wages and salaries	5.530.651	5.491.848
Pension costs	885.524	605.084
Other social security costs	85.186	98.985
Other staff costs	(16.200)	(1.800)
	6.485.161	**6.194.117**
Average number of employees	**12**	**13**

	2017 DKK	2016 DKK
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	3.148.441	3.102.191
Impairment losses on intangible assets	995.982	411.030
Depreciation of property, plant and equipment	17.729	220.203
Profit/loss from sale of intangible assets and property, plant and equipment	226.161	(38.310)
	4.388.313	**3.695.114**

	2017 DKK	2016 DKK
3. Other financial income		
Other financial income	56.315	54.732
	56.315	**54.732**

	2017 DKK	2016 DKK
4. Other financial expenses		
Financial expenses from group enterprises	0	(589.384)
Other interest expenses	1.745.118	873.763
Remission of debt etc	0	800.000
Other financial expenses	391.877	306.343
	2.136.995	**1.390.722**

	2017 DKK	2016 DKK
5. Tax on profit/loss for the year		
Current tax	788.769	998.874
Change in deferred tax	(1.714.147)	(670.524)
Adjustment concerning previous years	(516.295)	0
	(1.441.673)	**328.350**

Notes to consolidated financial statements

	Completed develop-ment projects DKK	Acquired trademarks DKK	Goodwill DKK	Develop-ment projects in progress DKK
6. Intangible assets				
Cost beginning of year	0	8.007.898	32.099.364	4.059.625
Transfers	2.134.319	0	0	(2.134.319)
Additions	5.316.258	0	0	588.351
Disposals	0	0	0	(199.252)
Cost end of year	**7.450.577**	**8.007.898**	**32.099.364**	**2.314.405**
Amortisation and impairment losses beginning of year	0	(3.459.829)	(1.604.968)	(1.523.933)
Impairment losses for the year	(739.215)	0	0	(256.767)
Amortisation for the year	0	(1.543.473)	(1.604.968)	0
Reversal regarding disposals	0	0	0	97.918
Amortisation and impairment losses end of year	**(739.215)**	**(5.003.302)**	**(3.209.936)**	**(1.682.782)**
Carrying amount end of year	**6.711.362**	**3.004.596**	**28.889.428**	**631.623**

Development projects

Justt A/S has invested more than 5,6 MDKK in the development of the website and the online platform in 2017. The development and the feature enhancement continue in 2018.

	Other fixtures and fittings, tools and equipment DKK
7. Property, plant and equipment	
Cost beginning of year	1.896.464
Additions	130.171
Disposals	(1.536.998)
Cost end of year	**489.637**
Depreciation and impairment losses beginning of year	(1.741.873)
Depreciation for the year	(17.729)
Reversal regarding disposals	1.412.171
Depreciation and impairment losses end of year	**(347.431)**
Carrying amount end of year	**142.206**

Notes to consolidated financial statements

	2017 DKK	2016 DKK
8. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**1.507.880**	**0**

9. Assets charged and collateral

Floating company charge nominal of DKK‘000 3.250. The floating charge is secured with goods of recievables, property, plant and equipment and intangible assets.

There have been provided a payment guarantee to Q8 with the amount of 1.500 DKK‘000, through Avarto Finance and 2.000 DKK’000 to Cirkel K Danmark A/S.

	Registered in	Corpo- rate form	Equity inte- rest %	Equity DKK	Profit/loss DKK
10. Subsidiaries					
Anlama 3 ApS	København	ApS	100,0	3.355.340	1.647.618
Indkøb DK A/S	København	A/S	100,0	13.276.752	2.309.102

Parent income statement for 2017

	Notes	2017 DKK	2016 DKK
Revenue		1.675.264	0
Other external expenses		(2.678.890)	(377.570)
Gross profit/loss		**(1.003.626)**	**(377.570)**
Staff costs	1	(5.391.307)	(1.273.571)
Depreciation, amortisation and impairment losses	2	(747.893)	0
Operating profit/loss		**(7.142.826)**	**(1.651.141)**
Other financial expenses	3	(1.886.667)	(745.773)
Profit/loss before tax		**(9.029.493)**	**(2.396.914)**
Tax on profit/loss for the year	4	1.982.785	526.856
Profit/loss for the year		**(7.046.708)**	**(1.870.058)**

Proposed distribution of profit/loss			
Retained earnings		(7.046.708)	(1.870.058)
		(7.046.708)	**(1.870.058)**

Parent balance sheet at 31.12.2017

	Notes	2017 DKK	2016 DKK
Completed development projects		6.711.362	0
Development projects in progress		316.474	2.134.319
Intangible assets	5	**7.027.836**	**2.134.319**
Other fixtures and fittings, tools and equipment		121.493	0
Property, plant and equipment	6	**121.493**	**0**
Investments in group enterprises		30.000.000	30.000.000
Deposits		313.992	0
Fixed asset investments	7	**30.313.992**	**30.000.000**
Fixed assets		**37.463.321**	**32.134.319**
Trade receivables		55.000	0
Receivables from group enterprises		110.717	111.553
Deferred tax		1.579.999	526.856
Other receivables		425.772	481.269
Receivables		**2.171.488**	**1.119.678**
Cash		**33.711**	**82.498**
Current assets		**2.205.199**	**1.202.176**
Assets		**39.668.520**	**33.336.495**

Parent balance sheet at 31.12.2017

	Notes	2017 DKK	2016 DKK
Contributed capital		500.000	55.000
Reserve for development expenditure		5.481.713	1.664.770
Retained earnings		7.651.522	11.460.172
Equity		**13.633.235**	**13.179.942**
Convertible and dividend-yielding debt instruments		121.860	609.133
Payables to group enterprises		16.248.000	8.154.894
Non-current liabilities other than provisions		**16.369.860**	**8.764.027**
Current portion of long-term liabilities other than provisions		0	9.975.000
Bank loans		95.020	0
Trade payables		491.553	169.157
Payables to group enterprises		8.174.846	929.715
Other payables		904.006	96.854
Deferred income		0	221.800
Current liabilities other than provisions		**9.665.425**	**11.392.526**
Liabilities other than provisions		**26.035.285**	**20.156.553**
Equity and liabilities		**39.668.520**	**33.336.495**
Unrecognised rental and lease commitments	8		
Contingent liabilities	9		
Assets charged and collateral	10		

Parent statement of changes in equity for 2017

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	55.000	1.664.770	11.460.172	13.179.942
Increase of capital	445.000	0	7.055.001	7.500.001
Transfer to reserves	0	3.816.943	(3.816.943)	0
Profit/loss for the year	0	0	(7.046.708)	(7.046.708)
Equity end of year	**500.000**	**5.481.713**	**7.651.522**	**13.633.235**

Notes to parent financial statements

	2017 DKK	2016 DKK
1. Staff costs		
Wages and salaries	4.545.743	1.217.454
Pension costs	798.327	55.645
Other social security costs	63.437	2.272
Other staff costs	(16.200)	(1.800)
	5.391.307	**1.273.571**
Average number of employees	**10**	**2**

	2017 DKK	2016 DKK
2. Depreciation, amortisation and impairment losses		
Impairment losses on intangible assets	739.215	0
Depreciation of property, plant and equipment	8.678	0
	747.893	**0**

	2017 DKK	2016 DKK
3. Other financial expenses		
Financial expenses from group enterprises	155.720	6.746
Other interest expenses	1.727.851	739.027
Other financial expenses	3.096	0
	1.886.667	**745.773**

	2017 DKK	2016 DKK
4. Tax on profit/loss for the year		
Change in deferred tax	(1.579.999)	(526.856)
Adjustment concerning previous years	(402.786)	0
	(1.982.785)	**(526.856)**

Notes to parent financial statements

	Completed development projects DKK	Development projects in progress DKK
5. Intangible assets		
Cost beginning of year	0	2.134.319
Transfers	2.134.319	(2.134.319)
Additions	5.316.258	316.474
Cost end of year	**7.450.577**	**316.474**
Impairment losses for the year	(739.215)	0
Amortisation and impairment losses end of year	**(739.215)**	**0**
Carrying amount end of year	**6.711.362**	**316.474**

Development projects

Justt A/S has invested more than 5,6 MDKK in the development of the website and the online platform in 2017. The development and the feature enhancement continue in 2018.

	Other fixtures and fittings, tools and equipment DKK
6. Property, plant and equipment	
Additions	130.171
Cost end of year	**130.171**
Depreciation for the year	(8.678)
Depreciation and impairment losses end of year	**(8.678)**
Carrying amount end of year	**121.493**

	Investments in group enterprises DKK	Deposits DKK
7. Fixed asset investments		
Cost beginning of year	30.000.000	0
Additions	0	313.992
Cost end of year	**30.000.000**	**313.992**
Carrying amount end of year	**30.000.000**	**313.992**

Notes to parent financial statements

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

	2017 DKK	2016 DKK
8. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**1.507.880**	**0**

9. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which Anlama Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2015 for income taxes etc for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

10. Assets charged and collateral

Collateral provided for group enterprises

The Entity is jointly and severally liable with the jointly registered group enterprises for the total VAT payable. The group enterprises' VAT payable amounts to DKK 0.

Accounting policies

Reporting class
This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for report-ing class C.

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last 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.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

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.

Income statement
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 writedowns.

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

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

Accounting policies

Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, 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.

Other financial income
Other financial income comprises 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.

Other financial expenses
Other financial expenses comprise 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
Goodwill
Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. 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 the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually. The amortisation periods used are 20 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

Accounting policies

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.

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 3-5 years.

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.

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. 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. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

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

Accounting policies

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 the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or the planned settlement of each liability.

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.

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.

Joint taxation contributions receivable or payable
Current joint taxation contributions receivable or joint taxation payable is recognised in the balance sheet, calculated as tax computed on the taxable income of the ear, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

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