Brickshare A/S

Vesterbrogade 149, DK-1620 København V

Annual Report for 1 January - 31 December 2019

CVR No 37 93 35 89

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 7 /9 2020

Troels Bülow-Olsen
Chairman of the General Meeting

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Brickshare A/S for the financial year 1 January - 31 December 2019.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Company and of the results of the Company operations for 2019.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 7 September 2020

Executive Board

Thomas Midtgaard CEO	David Svante Hansen Executive Officer

Board of Directors

Troels Bülow-Olsen Chairman	Johan Lorenzen	Jakob de Linde
Kim Lautrup	Nina Riisgaard Lauritsen	Richard Breiter

Independent Auditor's Report

To the Shareholders of Brickshare A/S

Opinion
In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Brickshare A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

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 Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for 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.

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstate-

ment, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Independent Auditor's Report

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 7 September 2020
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Kaare von Cappeln
state authorised public accountant
mne11629

Jakob Thisted Binder
state authorised public accountant
mne42816

Company Information

The Company	Brickshare A/S Vesterbrogade 149 DK-1620 København V Website: www.brickshare.dk CVR No: 37 93 35 89 Financial period: 1 January - 31 December Municipality of reg. office: Copenhagen
Board of Directors	Troels Bülow-Olsen, Chairman Johan Lorenzen Jakob de Linde Richard Breiter Kim Lautrup Nina Riisgaard Lauritsen
Executive Board	Thomas Midtgaard David Svante Hansen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Management's Review

Key activities

The key activity of Brickshare A/S is to license its award-winning it-platform to Brickshare AIFM A/S.

Change of accounting policies

The Company has decided to change the accounting policies regarding measurement of investments in subsidiaries from cost to fair value. The change has been adopted in order to give a better and fair view of the Company operations.

The change in accounting policies has resulted in a positive revaluation of DKK 8,860,000. The revaluation has been recognised directly on equity. In accordance with the Danish Financial Statement Act the comparatives have not been updated.

Development in the year

The income statement of the Company for 2019 shows a loss of DKK 11,669,456, and at 31 December 2019 the balance sheet of the Company shows equity of DKK 2,118,637.

The past year and follow-up on development expectations from last year

Brickshare A/S ("Company") is a fintech company with an award-winning it-platform licensed to Brickshare AIFM A/S.

As such the it-platform was used to raised more than DKK 85 mn for property investments onboarding more than 2,500 new investors and 10,000 new users during 2019. Hence the platform is now servicing more than 3,000 investors and 15,000 users, becoming the largest it-platform, measured on active investors and users, used for alternative investments targeted non-professional investors in Denmark. In addition, the IT-platform was used to facilitate the fundraising for conducting the largest property acquisition using capital from the Danish non-professional investors.

The growth in new investors and users on the IT-platform was in range expectations and the financial results were hereof in range of budget.

Capital resources and liquidity

As of 31 December 2019 the Company had a positive equity of DKK 2,118,637. The Company had available liquidity of DKK 314,196. In January 2020 a capital contribution of DKK 6,299,824 was made in order to strengthen the capital resources and make room for the Company to continue the ambitious plan for growth.

Management's Review

Following the outbreak of Covid-19 and subsequent the closing down of most of the world the real-estate market for investment properties in Denmark was temporary frozen in the spring 2020 due to the increased uncertainty in the market in general, the inability to inspect new projects, the day-to-day deviations on the interest rates, delays on the building of ongoing investment projects etc. This postponed the expected growth for the Company.

Management decided to continue more or less as "business as usual" despite the uncertain market situation and delayed cash inflow. During the summer 2020 the overall market for investment properties has normalized.

As a result of the delay in the growth plan the Company has in July and August 2020 made further capital contributions of DKK 1,774,935 and DKK 1,034,092 respectively. Further the Company expects to receive DKK 3,000,000 in syndication loans from the Danish Growth Fund in September immediately after the signing of the annual report, which together with the closing of 2 projects in the autumn of 2020 will ensure sufficient cash available for the Company to continue as going concern.

Management in the Company are still working on a long-term strengthen of the capital resources to support and drive the growth plan for the following years. This is expected to materialize over the coming 6-12 months.

For additional information reference is made to note no. 1. regarding capital resources and liquidity.

Uncertainty relating to recognition and measurement

Reference to note 2 regarding uncertainty relating to recognition and measurement for management's assessment hereof.

Subsequent events

Reference to note no. 3 regarding subsequent events relating to Covid-19 and management's assessment hereof.

Income Statement 1 January - 31 December

	Note	2019	2018
		DKK	DKK
Gross profit/loss		**-4.594.107**	**-3.561.236**
Staff expenses	4	-4.936.726	-4.932.562
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-578.761	-3.961
Profit/loss before financial income and expenses		**-10.109.594**	**-8.497.759**
Financial income		0	355
Financial expenses	5	-637.045	-205.643
Profit/loss before tax		**-10.746.639**	**-8.703.047**
Tax on profit/loss for the year	6	-922.817	1.905.715
Net profit/loss for the year		**-11.669.456**	**-6.797.332**

Distribution of profit

Proposed distribution of profit

Retained earnings	-11.669.456	-6.797.332
	-11.669.456	**-6.797.332**

Balance Sheet 31 December

Assets

	Note	2019	2018
		DKK	DKK
Completed development projects		1.125.833	0
Development projects in progress		3.612.891	1.688.750
Intangible assets	7	**4.738.724**	**1.688.750**
Other fixtures and fittings, tools and equipment		16.915	26.581
Leasehold improvements		10.811	16.989
Property, plant and equipment	8	**27.726**	**43.570**
Investments in subsidiaries	9	10.160.000	1.300.000
Other investments		141.252	0
Deposits		155.730	179.232
Fixed asset investments		**10.456.982**	**1.479.232**
Fixed assets		**15.223.432**	**3.211.552**
Trade receivables		0	145.689
Other receivables		236.391	363.153
Deferred tax asset	10	1.166.361	2.089.178
Receivables		**1.402.752**	**2.598.020**
Cash at bank and in hand		**314.196**	**4.709.241**
Currents assets		**1.716.948**	**7.307.261**
Assets		**16.940.380**	**10.518.813**

Balance Sheet 31 December

Liabilities and equity

	Note	2019	2018
		DKK	DKK
Share capital		645.153	519.232
Revaluation reserve		8.860.000	0
Reserve for development costs		3.696.205	1.317.225
Retained earnings		-11.082.721	-3.983.364
Equity		**2.118.637**	**-2.146.907**
Convertible and profit-yielding instruments of debt		8.552.323	9.162.721
Other payables		179.903	0
Long-term debt	11	**8.732.226**	**9.162.721**
Convertible instruments of debt	11	1.041.856	0
Trade payables		747.293	567.557
Payables to group enterprises		2.114.881	8.696
Payables to owners and Management		0	20.000
Other payables	11	2.185.487	2.906.746
Short-term debt		**6.089.517**	**3.502.999**
Debt		**14.821.743**	**12.665.720**
Liabilities and equity		**16.940.380**	**10.518.813**
Capital resources and liquidity	1		
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Statement of Changes in Equity

	Share capital	Share premium account	Revaluation reserve	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	519.232	0	0	1.317.225	-3.983.364	-2.146.907
Cash capital increase	125.921	6.949.079	0	0	0	7.075.000
Revaluation of investments	0	0	8.860.000	0	0	8.860.000
Development costs for the year	0	0	0	2.818.055	-2.818.055	0
Depreciation, amortisation and impairment for the year	0	0	0	-439.075	439.075	0
Net profit/loss for the year	0	0	0	0	-11.669.456	-11.669.456
Transfer from share premium account	0	-6.949.079	0	0	6.949.079	0
Equity at 31 December	**645.153**	**0**	**8.860.000**	**3.696.205**	**-11.082.721**	**2.118.637**

Notes to the Financial Statements

1 Capital resources and liquidity

The income statement of the Company for 2019 shows a loss of DKK 11,669,456 and at 31 December 2019 the balance sheet shows a positive equity of DKK 2,118,637. At 31 December 2019 the total available cash amounts to DKK 314,196.

The Company has in January 2020 received a capital contribution of DKK 6,299,824, and in July and August 2020 additional capital contributions of DKK 1,774,935 and DKK 1,034,092 was received. As part of the capital contribution made in August 2020 the Danish Growth Fund has confirmed to offer a syndication loan of DKK 3,000,000 which will be received in September 2020 immediately after the signing of the annual report.

The Company has prepared a forecast for the last 4 months of the financial year 2020 showing sufficient capital resources and liquidity available.

In order to fulfill the forecast the Company must close an additional of two new investment funds of which one fund successfully has raised the target capital at the time of signing the annual report. Additionally two new funds are established during the course of 2020, which launches investment projects in Copenhagen and Århus. At the time of signing the annual report the Funds have successfully raised 68% and 37% respectively of the target capital.

Management in the Company are still working on a long-term strengthen of the capital resources to support and drive the growth plan for the following years. This is expected to materialize over the coming 6-12 months.

In its nature, the forecasts prepared are subject to uncertainty and variations in operations or the business plan may result in additional liquidity being required. In management's assessment such additional financing may be obtained if the business plan and growth strategy is otherwise followed.

Therefore, the financial statements are prepared under the assumption of going concern.

2 Uncertainty relating to recognition and measurement

The Company makes accounting estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions can have a significant impact and cause a material adjustment to the carrying amounts of assets within the next financial year are addressed below.

Investment in subsidiaries are measured at fair value at a value of DKK 10,160,000. The valuation of investment in subsidiaries are based on information and assumptions considered reasonable by Management but which are inherently uncertain and unpredictable. Actual events or circumstances will probably differ from the assumptions made in the calculations as often assumed events do not occur as expected. Such difference may be material.

Notes to the Financial Statements

3 Subsequent events

The implications of Covid-19 with many governments across the world deciding to close down their countries will have great impact on the global economy. Management considers the implications of Covid-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Company.

Following the outbreak of Covid-19 and subsequent the closing down of most of the world the real-estate market for investment properties in Denmark was temporary frozen in the spring 2020 due to the increased uncertainty in the market in general, the inability to inspect new projects, the day-to-day deviations on the interest rates, delays on the building of ongoing investment projects etc. This postponed the expected growth for the Company and as such Covid-19 is expected to impact the Company's revenue and net profit for 2020 negatively. Management assess that the Company has access to sufficient liquidity. For further details refer to note no. 1.

4 Staff expenses

	2019 DKK	2018 DKK
Wages and salaries	7.853.914	6.189.162
Pensions	84.795	6.000
Other social security expenses	-7.812	29.885
Other staff expenses	462.540	396.265
	8.393.437	**6.621.312**
Capitalised salaries	-3.456.711	-1.688.750
	4.936.726	**4.932.562**
Average number of employees	**15**	**12**

5 Financial expenses

Impairment on Nordic Property Exchange AB	0	38.170
Interest paid to group enterprises	431.612	148.200
Other financial expenses	205.389	15.196
Exchange loss	44	4.077
	637.045	**205.643**

Notes to the Financial Statements

	2019	2018
	DKK	DKK
6 Tax on profit/loss for the year		
Deferred tax for the year	922.817	-1.905.715
	922.817	**-1.905.715**

7 Intangible assets

	Completed development projects	Development projects in progress
	DKK	DKK
Cost at 1 January	0	1.688.750
Additions for the year	1.688.750	3.612.891
Transfers for the year	0	-1.688.750
Cost at 31 December	1.688.750	3.612.891
Impairment losses and amortisation at 1 January	0	0
Amortisation for the year	562.917	0
Impairment losses and amortisation at 31 December	562.917	0
Carrying amount at 31 December	**1.125.833**	**3.612.891**
Amortised over	3 years	

Development projects relate to the development of new features on the Company's existing platform. The platform is licensed to Brickshare AIFM A/S and is used to service investors on alternative investments.

Notes to the Financial Statements

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost at 1 January	28.998	18.533
Cost at 31 December	28.998	18.533
Impairment losses and depreciation at 1 January	2.417	1.544
Depreciation for the year	9.666	6.178
Impairment losses and depreciation at 31 December	12.083	7.722
Carrying amount at 31 December	**16.915**	**10.811**
Depreciated over	3 years	3-5 years

Notes to the Financial Statements

	2019	2018
	DKK	DKK
9 Investments in subsidiaries		
Cost at 1 January	1.300.000	1.300.000
Cost at 31 December	1.300.000	1.300.000
Value adjustments at 1 January	0	0
Fair value adjustment	8.860.000	0
Value adjustments at 31 December	8.860.000	0
Carrying amount at 31 December	**10.160.000**	**1.300.000**

Assumptions underlying the determination of fair value of investments in subsidiaries

Investments in subsidiaries are measured at fair value. The fair value is calculated by using a P/E multiple based on the realized result for 2019. The multiple applied is based on external market input from asset fund managers for investment properties. Refer to note no. 2 for uncertainty relating to recognition and measurement of investment in subsidiaries

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Brickshare AIFM A/S	København	DKK 500.000	100%

Notes to the Financial Statements

	2019	2018
	DKK	DKK
10 Deferred tax asset		
Intangible assets	1.042.619	74.305
Property, plant and equipment	65	1.539
Provision	-222.740	-374.000
Tax loss carry-forward	-4.096.359	-1.791.022
Transferred to deferred tax asset	3.276.361	2.089.178
	0	**0**
Deferred tax asset		
Calculated tax asset	3.276.515	2.089.178
Write-down to assessed value	-2.110.154	0
Carrying amount	**1.166.361**	**2.089.178**

In the recognition of the Company's deferred tax asset assumptions is made regarding the expected utilization the coming years.

As at 31 December 2019 the Company has recognized a deferred tax asset of DKK 1,166k. The deferred tax asset consists primarily of applied tax credit in accordance with LL § 8X.

The estimates applied are based on information and assumptions considered reasbonable by Management but which are inherently uncertain and unpredictable.

11 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Convertible and profit-yielding instruments of debt

Between 1 and 5 years	8.552.323	9.162.721
Long-term part	8.552.323	9.162.721
Within 1 year	1.041.856	0
	9.594.179	**9.162.721**

Notes to the Financial Statements

11 Long-term debt (continued)

	2019	2018
	DKK	DKK
Other payables		
Between 1 and 5 years	179.903	0
Long-term part	179.903	0
Other short-term payables	2.185.487	2.906.746
	2.365.390	**2.906.746**

The convertible and profit-yielding instrument of debt will convert to equity when they fall due and as such no payment is expected to be materialized.

12 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Rental and lease obligations:		
Within 1 year	282.666	206.591
Between 1 and 5 years	82.719	202.492
	365.385	**409.083**

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of TM Capital IVS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

13 Accounting Policies

The Annual Report of Brickshare A/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Financial Statements for 2019 are presented in DKK.

Change of accounting policies

The Company has decided to change the accounting policies regarding measurement of investments in subsidiaries from cost to fair value. The change has been adopted in order to give a better and fair view of the Company operations.

The change in accounting policies has resulted in a positive revaluation of DKK 8,860,000. The revaluation has been recognised directly on equity. In accordance with the Danish Financial Statement Act the comparatives have not been updated.

Besides as mentioned the remaining accounting policies remain unchanged from last year.

Consolidated financial statements

With reference to section 110 of the Danish Financial Statements Act, no consolidated financial statements are prepared.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Notes to the Financial Statements

13 Accounting Policies (continued)

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Revenue

Revenue is recognised when the risks relating to the service have been transferred, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Notes to the Financial Statements

13 Accounting Policies (continued)

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of leasehold improvements and other fixtures.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with TM Capital IVS. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Development projects

Costs of development projects comprise salaries, and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item "Reserve for development costs". The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

Notes to the Financial Statements

13 Accounting Policies (continued)

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 3 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and equipment	3 years
Leasehold improvements	3-5 years

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are measured at fair value. If a revaluation results in an increase in value, it is credited and accumulated in equity under "Revaluation reserve". A decrease arising as a result of revaluation is reversed in the equity reserve.

Revaluations are carried out regularly to assess that the carrying amount does not differ materially from its fair value at the balance sheet date.

Other fixed asset investments

Other fixed asset investments consist of deposits and investments in unlisted portfolio shares where the ownership is below 20%. Other fixed asset investments are measured at cost. Where cost exceeds there recoverable amount, write-down is made to this lower value.

Notes to the Financial Statements

13 Accounting Policies (continued)

Receivables

Receivables are measured in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.