

Epinion Partner I P/S

Ryesgade 3 F, 4.

2200 København N

Central Business Registration

No 35206167

Annual report 2016

The Annual General Meeting adopted the annual report on 10.05.2017

Chairman of the General Meeting

Name: Thomas Yung Andersen

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Consolidated income statement for 2016	8
Consolidated balance sheet at 31.12.2016	9
Consolidated statement of changes in equity for 2016	11
Consolidated cash flow statement for 2016	12
Notes to consolidated financial statements	13
Parent income statement for 2016	17
Parent balance sheet at 31.12.2016	18
Parent statement of changes in equity for 2016	20
Notes to parent financial statements	21
Accounting policies	23

Entity details

Entity

Epinion Partner I P/S
Ryesgade 3 F, 4.
2200 København N

Central Business Registration No: 35206167
Registered in: København
Financial year: 01.01.2016 - 31.12.2016

Board of Directors

Mogens Storgaard Jakobsen
Søren Hoelgaard Justesen
Terje Stefan Vammen
Thomas Yung Andersen

Executive Board

Thomas Yung Andersen

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 Epinion Partner I P/S 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.

Copenhagen, 10.05.2017

Executive Board

Thomas Yung Andersen

Board of Directors

Mogens Storgaard Jakobsen

Søren Hoelgaard Justesen

Terje Stefan Vammen

Thomas Yung Andersen

Independent auditor's report

To the shareholders of Epinion Partner I P/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Epinion Partner I P/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2016, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements

Independent auditor's report

can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 10.05.2017

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Sten Peters
State-Authorised Public Accountant

Anders Lillelund
State-Authorised Public Accountant

Management commentary

	2016 DKK'000	2015 DKK'000	2014 DKK'000	2013 DKK'000
Financial highlights				
Key figures				
Gross profit	62.037	58.449	47.012	50.073
Operating profit/loss	868	1.107	1.920	6.443
Net financials	(2.491)	(2.148)	(1.942)	(1.934)
Profit/loss for the year	(1.622)	(1.041)	(22)	4.509
Total assets	46.243	40.518	39.610	38.838
Investments in property, plant and equipment	197	139	533	122
Equity	4.178	5.801	5.841	8.860
Cash flows from (used in) operating activities	(3.461)	1.088	(557)	9.768
Cash flows from (used in) investing activities	(648)	(186)	(700)	(723)
Cash flows from (used in) financing activities	2.189	(732)	(2.247)	(5.149)

Ratios

Return on equity (%)	(32,5)	(17,9)	(0,3)	50,9
Equity ratio (%)	9,0	14,3	14,7	22,8

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

Management commentary

Primary activities

Epinion Partners 1 P/S's main activities consist of being a holding company for Epinion's Danish activities in Epinion P/S.

Epinion is working in the area of tension between management consulting, research, big data & advanced analytics, intelligence and information technology. Epinion's products, services and solutions fall into three categories:

- Commercial Intelligence – Research and insights management solutions for private businesses to improve performance and competitiveness.
- Public Service Intelligence - Research and insights management solutions for public sector institutions, such as central, regional and local government, for evaluations, improving investment effects, optimising citizens services and efficiency measures.
- Polls & Political Intelligence - Research and insights management solutions for political stakeholders such as political parties, associations, organisations, movements and media.

Development in activities and finances

The year 2016 is not looked upon as a satisfactory year for Epinion Partners 1 P/S. The consolidated accounts shows a loss of DKK -1.622k.

The operating profit is adversely affected by organizational adjustments, including extraordinary expenses related to terminations and recruitment, reorganization of the finance function, exchange losses from international activities (NOK/DKK and USD/DKK) and not least investments in Epinion's future strategy. These investments will continue in 2017.

Outlook

I 2017, revenue is expected to grow 15-20% on 2016. 2017 is expected to produce a profit, however one still adversely affected by investments in growth and long-term development.

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

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Gross profit		62.036.864	58.449
Staff costs	1	(60.807.642)	(57.035)
Depreciation, amortisation and impairment losses	2	(360.823)	(307)
Operating profit/loss		868.399	1.107
Income from investments in group enterprises		(1.350.000)	(1.350)
Other financial income		779.554	0
Other financial expenses		(1.920.202)	(798)
Profit/loss for the year	3	(1.622.249)	(1.041)

Consolidated balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Acquired licences		380.451	76
Goodwill		4.713.748	6.063
Intangible assets	4	5.094.199	6.139
Other fixtures and fittings, tools and equipment		410.236	411
Leasehold improvements		48.282	84
Property, plant and equipment	5	458.518	495
Other receivables		1.158.540	1.138
Fixed asset investments	6	1.158.540	1.138
Fixed assets		6.711.257	7.772
Trade receivables		25.076.666	23.904
Contract work in progress	7	2.715.916	1.657
Receivables from group enterprises		0	310
Other receivables		7.037.876	512
Receivables from owners and management		1.000.000	3.000
Prepayments	8	837.977	1.342
Receivables		36.668.435	30.725
Cash		2.863.018	2.021
Current assets		39.531.453	32.746
Assets		46.242.710	40.518

Consolidated balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Contributed capital		666.667	500
Reserve for non-paid contributed capital		0	1.000
Retained earnings		3.511.596	4.301
Equity		4.178.263	5.801
Bank loans		4.125.991	4.937
Deposits		252.000	252
Payables to shareholders and management		3.000.000	0
Non-current liabilities other than provisions	9	7.377.991	5.189
Current portion of long-term liabilities other than provisions	9	3.412.226	800
Bank loans		6.966.827	4.205
Prepayments received from customers	10	2.296.409	5.508
Trade payables		4.399.618	5.898
Payables to shareholders and management		169.172	0
Other payables		17.442.204	13.117
Current liabilities other than provisions		34.686.456	29.528
Liabilities other than provisions		42.064.447	34.717
Equity and liabilities		46.242.710	40.518
Unrecognised rental and lease commitments	12		
Contingent liabilities	13		
Mortgages and securities	14		
Subsidiaries	15		

Consolidated statement of changes in equity for 2016

	Contributed capital DKK	Reserve for non-paid contributed capital DKK	Retained earnings DKK	Total DKK
	<hr/>	<hr/>	<hr/>	<hr/>
Equity beginning of year	500.000	1.000.000	4.300.512	5.800.512
Increase of capital	166.667	0	0	166.667
Transferred from share premium	0	0	833.333	833.333
Transfer to reserves	0	(1.000.000)	0	(1.000.000)
Profit/loss for the year	0	0	(1.622.249)	(1.622.249)
Equity end of year	<hr/> 666.667 <hr/>	<hr/> 0 <hr/>	<hr/> 3.511.596 <hr/>	<hr/> 4.178.263 <hr/>

Consolidated cash flow statement for 2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Operating profit/loss		868.400	1.109
Amortisation, depreciation and impairment losses		360.823	306
Working capital changes	11	(3.549.471)	472
Cash flow from ordinary operating activities		(2.320.248)	1.887
Financial income received		779.554	0
Financial income paid		(1.920.202)	(799)
Cash flows from operating activities		(3.460.896)	1.088
Acquisition etc of intangible assets		(430.540)	(52)
Acquisition etc of property, plant and equipment		(197.022)	(140)
Acquisition of fixed asset investments		(20.716)	(35)
Sale of fixed asset investments		0	41
Cash flows from investing activities		(648.278)	(186)
Loans raised		3.000.000	0
Instalments on loans etc		(810.805)	(732)
Cash flows from financing activities		2.189.195	(732)
Increase/decrease in cash and cash equivalents		(1.919.979)	170
Cash and cash equivalents beginning of year		(2.183.830)	(2.354)
Cash and cash equivalents end of year		(4.103.809)	(2.184)
Cash and cash equivalents at year-end are composed of:			
Cash		2.863.018	2.021
Short-term debt to banks		(6.966.827)	(4.205)
Cash and cash equivalents end of year		(4.103.809)	(2.184)

Notes to consolidated financial statements

	2016 DKK	2015 DKK'000
1. Staff costs		
Wages and salaries	55.736.869	53.021
Pension costs	1.551.861	1.567
Other social security costs	132.766	650
Other staff costs	3.386.146	1.797
	60.807.642	57.035
Average number of employees	113	113
	Remunera- tion of manage- ment 2016 DKK	Remunera- tion of manage- ment 2015 DKK'000
Executive Board	2.566.805	2.857
Board of Directors	1.589.050	3.158
	4.155.855	6.015
	2016 DKK	2015 DKK'000
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	125.980	97
Depreciation of property, plant and equipment	234.843	205
Impairment losses on property, plant and equipment	0	5
	360.823	307
	2016 DKK	2015 DKK'000
3. Proposed distribution of profit/loss		
Retained earnings	(1.622.249)	(1.041)
	(1.622.249)	(1.041)

Notes to consolidated financial statements

	Acquired licences DKK	Goodwill DKK
4. Intangible assets		
Cost beginning of year	341.577	9.787.498
Additions	430.540	0
Cost end of year	772.117	9.787.498
Amortisation and impairment losses beginning of year	(265.686)	(3.723.750)
Amortisation for the year	(125.980)	(1.350.000)
Amortisation and impairment losses end of year	(391.666)	(5.073.750)
Carrying amount end of year	380.451	4.713.748
	Other fixtures and fittings, tools and equipment DKK	Leasehold improve- ments DKK
5. Property, plant and equipment		
Cost beginning of year	3.349.413	501.374
Additions	147.422	49.600
Cost end of year	3.496.835	550.974
Depreciation and impairment losses beginning of the year	(2.937.621)	(416.827)
Depreciation for the year	(148.978)	(85.865)
Depreciation and impairment losses end of the year	(3.086.599)	(502.692)
Carrying amount end of year	410.236	48.282
		Other receivables DKK
6. Fixed asset investments		
Cost beginning of year		1.137.824
Additions		20.716
Cost end of year		1.158.540
Carrying amount end of year		1.158.540

Notes to consolidated financial statements

7. Contract work in progress

	2016	2015
	DKK	DKK '000
Selling price of work performed	15.798.112	27.332
Prepayments received on account	<u>(15.378.605)</u>	<u>(31.182)</u>
Net work in progress	<u>419.507</u>	<u>(3.850)</u>

Recognised in the balance sheet as follows:

Work in progress in assets	2.715.916	1.657
Prepayments received from customers	<u>(2.296.409)</u>	<u>(5.507)</u>
Net work in progress	<u>419.507</u>	<u>(3.850)</u>

8. Prepayments

Prepayments are composed of prepaid expenses regarding rental, licenses and subscriptions and insurance.

	Instalments within 12 months 2016 DKK	Instalments within 12 months 2015 DKK'000	Instalments beyond 12 months 2016 DKK	Outstanding after 5 years DKK
9. Liabilities other than provisions				
Bank loans	799.998	800	4.125.991	800.000
Deposits	0	0	252.000	N/A
Payables to shareholders and management	2.612.228	0	3.000.000	N/A
	<u>3.412.226</u>	<u>800</u>	<u>7.377.991</u>	<u>800.000</u>

10. Prepayments received from customers

Prepayments received from customers concern prepayments for work in progress. Please refer to note 7.

	2016 DKK	2015 DKK'000
11. Change in working capital		
Increase/decrease in receivables	(5.945.608)	(1.334)
Increase/decrease in trade payables etc	(1.498.032)	(138)
Other changes	3.894.169	1.944
	<u>(3.549.471)</u>	<u>472</u>

	2016 DKK	2015 DKK'000
12. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	<u>4.936.936</u>	<u>4.862</u>

Notes to consolidated financial statements

	<u>2016</u> <u>DKK</u>	<u>2015</u> <u>DKK'000</u>
13. Contingent liabilities		
Recourse and non-recourse guarantee commitments	230.961	200
Contingent liabilities in total	230.961	200

14. Mortgages and securities

A floating charge for DKK 8,000k on trade receivables, operating equipment and furniture as well as intellectual property rights has been provided as collateral for bank loans.

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>	<u>Equity DKK</u>	<u>Profit/loss DKK</u>
15. Subsidiaries					
Epinion P/S	København	P/S	100,0	5.706.604	188.338

Parent income statement for 2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Gross loss		(28.753)	(32)
Income from investments in group enterprises		(1.161.662)	(797)
Other financial expenses		<u>(431.834)</u>	<u>(211)</u>
Profit/loss for the year	1	<u>(1.622.249)</u>	<u>(1.040)</u>

Parent balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Goodwill		4.713.748	6.063
Intangible assets	2	4.713.748	6.063
Investments in group enterprises		5.706.604	5.518
Fixed asset investments	3	5.706.604	5.518
Fixed assets		10.420.352	11.581
Receivables from group enterprises		4.961.547	450
Other receivables		0	20
Receivables from owners and management		0	1.000
Receivables		4.961.547	1.470
Cash		2.632	6
Current assets		4.964.179	1.476
Assets		15.384.531	13.057

Parent balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Contributed capital	4	666.667	500
Reserve for net revaluation according to the equity method		2.111.105	1.923
Reserve for non-paid contributed capital		0	1.000
Retained earnings		1.400.492	2.378
Equity		4.178.264	5.801
Bank loans		4.125.991	4.937
Payables to shareholders and management		3.000.000	0
Non-current liabilities other than provisions	5	7.125.991	4.937
Current portion of long-term liabilities other than provisions	5	3.412.226	800
Other payables		668.050	1.519
Current liabilities other than provisions		4.080.276	2.319
Liabilities other than provisions		11.206.267	7.256
Equity and liabilities		15.384.531	13.057
Mortgages and securities	6		
Related parties with controlling interest	7		

Parent statement of changes in equity for 2016

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Reserve for non-paid contributed capital DKK	Retained earnings DKK
Equity beginning of year	500.000	1.922.767	1.000.000	2.377.746
Increase of capital	166.667	0	0	0
Transferred from share premium	0	0	0	833.333
Transfer to reserves	0	0	(1.000.000)	0
Profit/loss for the year	0	188.338	0	(1.810.587)
Equity end of year	666.667	2.111.105	0	1.400.492
				Total DKK
Equity beginning of year				5.800.513
Increase of capital				166.667
Transferred from share premium				833.333
Transfer to reserves				(1.000.000)
Profit/loss for the year				(1.622.249)
Equity end of year				4.178.264

Notes to parent financial statements

	2016 DKK	2015 DKK'000
1. Proposed distribution of profit/loss		
Transferred to reserve for net revaluation according to the equity method	188.338	553
Retained earnings	(1.810.587)	(1.593)
	(1.622.249)	(1.040)
		Goodwill DKK
2. Intangible assets		
Cost beginning of year		9.787.498
Cost end of year		9.787.498
Amortisation and impairment losses beginning of year		(3.723.750)
Amortisation for the year		(1.350.000)
Amortisation and impairment losses end of year		(5.073.750)
Carrying amount end of year		4.713.748
		Investments in group enterprises DKK
3. Fixed asset investments		
Cost beginning of year		3.595.266
Cost end of year		3.595.266
Revaluations beginning of year		1.923.000
Share of profit/loss for the year		188.338
Revaluations end of year		2.111.338
Carrying amount end of year		5.706.604
		Nominal value DKK
4. Contributed capital	Number	Par value DKK
Share capital	666.667	666667
	666.667	666.667

Notes to parent financial statements

	Instalments within 12 months 2016 DKK	Instalments within 12 months 2015 DKK'000	Instalments beyond 12 months 2016 DKK	Outstanding after 5 years DKK
5. Liabilities other than provisions				
Bank loans	799.998	800	4.125.991	800.000
Payables to shareholders and management	2.612.228	0	3.000.000	N/A
	3.412.226	800	7.125.991	800.000

6. Mortgages and securities

The company's shares in Epinion P/S is pledged as security for bank debt. The book value of pledged shares amounts to DKK 5,707k. The capital share related goodwill is DKK 4,714k.

Epinion Partner I P/S has provided guarantees for the bank commitment of the subsidiary, Epinion P/S.

7. Related parties with controlling interest

The company has registered the following shareholders with more than 5% of the voting rights or nominal value:

- Mogens Storgaard Jakobsen, Fru Gyllembourgsvej 6, 2000 Frederiksberg
- Søren Hoelgaard Justesen, Østerled 19, 2100 København Ø
- Terje Stefan Vammen, H.P.Jensens Vej 18, 8270 Højbjerg
- Thomas Yung Andersen, Holmevej 82, 2860 Søborg
- Mogens Storgaard Jakobsen Holding ApS, Fru Gyllembourgsvej 6, 2000 Frederiksberg
- Fountainhead ApS, Østerled 19, 2100 København Ø

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, intragroup income and expenses, intragroup 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.

Accounting policies

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, work in progress, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

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.

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 the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

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 foreign currency transactions as well as amortisation of financial assets 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 and foreign currency transactions as well as amortisation of financial liabilities etc.

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 straightline 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. Useful lives are reassessed on an annual basis. The amortisation periods used are 5 to 20 years.

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

Intellectual property rights etc

Intellectual property rights etc comprise acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 3 years.

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

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

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

Accounting policies

Other fixtures and fittings, tools and equipment 4-5 years

Leasehold improvements 2-3 years

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 recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised goodwill and plus or minus unrealised intragroup profits or losses.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straightline 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 longterm 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 5-20 years.

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

Receivables

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

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts as well as finance costs are recognised in the income statement as incurred.

Accounting policies

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 straightline 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.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

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 noncash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with 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 raising of loans, instalments on interestbearing debt, and payment of dividend.

Cash and cash equivalents comprise cash less shortterm bank loans.