Hugo Games A/S

(Formerly Haaloo Games Holding ApS)
CVR no. DK 33 59 71 42

Annual report 2014

This annual report has been adopted at the company's annual general meeting on 15/4 2015

Chairman of the meeting:

Contents

Company information etc.

The company

Hugo Games A/S
Gammel Kongevej 120, 1. th.
DK-1850 Frederiksberg C
CVR no.: DK 33 59 71 42

Board of Directors

Bertel David Maigaard, Chairman
Caspar Rose
Rasmus Lund, lawyer
Christian Sand Kirk

Executive Board

Henrik Jørgen Skouboe Kølle
Peter Ekman

Auditors

INFO:REVISION
statsautoriseret revisionsaktieselskab
Buddingevej 312
DK-2860 Søborg

Thomas Barslund, State-Authorised Public Accountant

Statement by the Board of Directors and the Executive Board on the annual report

The Board of Directors and the Executive Board have today considered and adopted the annual report of Hugo Games A/S for the financial year 1 January 2014 – 31 December 2014.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as approved by the EU. The financial statements of the parent company, Hugo Games A/S, have been prepared in accordance with the Danish Financial Statements Act (*Årsregnskabsloven*). Furthermore, the annual report has been prepared in accordance with the additional Danish disclosure requirements for annual reports of class B companies.

In our opinion, the accounting policies applied are appropriate, thus ensuring that the consolidated financial statements and the financial statements provide a fair presentation of the group's and the parent company's assets, liabilities and financial position as at 31 December 2014 and of the results of the group's and the parent company's operations and the consolidated cash flows for the financial year 1 January 2014 - 31 December 2014.

The annual report is submitted for adoption by the general meeting.

Copenhagen, 27 March 2015

Executive Board

Henrik Jørgen Skouboe Kølle

Peter Ekman

Board of Directors

Bertel David Maigaard
Chairman

Caspar Rose
Deputy Chairman

Rasmus Lund, lawyer

Christian Sand Kirk

To the shareholders of Hugo Games A/S

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AND THE FINANCIAL STATEMENTS

We have audited the consolidated financial statements and the financial statements of Hugo Games A/S for the financial year 1 January 2014 – 31 December 2014, comprising the income statement, balance sheet, statement of changes in equity and notes for the group and the company as well as the consolidated statement of comprehensive income and the consolidated cash flow statement. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as approved by the EU and additional Danish disclosure requirements, and the financial statements have been prepared in accordance with the Danish Financial Statements Act.

The Board of Directors' and Executive Board's responsibility for the consolidated financial statements and the financial statements

The management is responsible for the preparation of consolidated financial statements that provide a fair presentation in accordance with the International Financial Reporting Standards as approved by the EU and Danish disclosure requirements and for the preparation of financial statements that provide a fair presentation in accordance with the Danish Financial Statements Act. Furthermore, the management is responsible for the internal control deemed necessary by the management for preparing consolidated financial statements and financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements and financial statements based on our audit. We conducted our audit in accordance with the International Auditing Standards and additional requirements pursuant to Danish regulations on auditors and audit firms. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the consolidated financial statements and the financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence of the amounts and disclosures in the consolidated financial statements and the financial statements. The audit procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement in the consolidated financial statements and the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the preparation of consolidated financial statements and financial statements that give a fair presentation. The purpose is 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. Furthermore, an audit includes an assessment of the accounting policies applied by the management, the accounting estimates made by the management and the overall presentation of the consolidated financial statements and the financial statements.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualifications.

Opinion

In our opinion, the consolidated financial statements provide a fair presentation of the group's assets, equity and liabilities and financial position as at 31 December 2014 and of the group's operations and cash flows for the financial year 1 January 2014 – 31 December 2014 in accordance with the International Financial Reporting Standards as approved by the EU and additional Danish disclosure requirements.

It is also our opinion that the financial statements provide a fair presentation of the company's assets, liabilities and financial position as at 31 December 2014 and of the company's operations for the financial year 1 January 2014 – 31 December 2014 in accordance with the Danish Financial Statements Act.

STATEMENT REGARDING THE MANAGEMENT'S REVIEW

We have read the management's review as required by the Danish Financial Statements Act. We have not performed procedures additional to the audit of the consolidated financial statements and the financial statements. Against this background, we believe that the information provided in the management's review is consistent with the consolidated financial statements and the financial statements.

Søborg, 27 March 2015

INFO:REVISION

statsautoriseret revisionsaktieselskab

Thomas Barslund

State-Authorised Public Accountant

Main activity

The group's activities have mainly consisted in the development, sale and distribution of electronic entertainment, including electronic games, primarily games with the character "Hugo".

Developments in the group's and the company's business activities and financial situation

The group and the company recorded a loss after tax of DKK 3,629k and DKK 3,818k, respectively, which is found to be satisfactory considering the fact that the year's activities primarily consisted in developing new games for launch in the coming years.

The group's and the company's capital bases were strengthened by a total of DKK 27,022k during the year through a cash capital increase of the share capital of DKK 15,000k before costs incurred in connection with the capital increase and through a debt remission from the parent company in the amount of DKK 12,022k.

Events subsequent to the balance sheet date

In January 2015, the capital base was strengthened by DKK 5,750k in connection with a sale of treasury shares contributed by the parent company by way of a group contribution.

Apart from the above, no important events have occurred after the end of the financial year.

Consolidated income statement and statement of comprehensive income

Note		2014 DKK '000	2013 DKK '000
4	**Revenue**	**6,344**	**5,372**
	Cost of sales	1,709	1,435
	Gross profit	**4,635**	**3,937**
	Other external expenses	5,474	2,922
5	Staff expenses	376	543
	Loss before depreciation, amortisation and impairment losses (EBITDA)	**-1,215**	**472**
	Depreciation and amortisation of property, plant and equipment and intangible assets	3,496	1,434
	Operating loss (EBIT)	**-4,711**	**-962**
6	Financial income	0	41
7	Financial expenses	317	198
	Loss before tax	**-5,028**	**-1,119**
8	Tax on loss for the year	-1,399	-461
	Net loss for the year	**-3,629**	**-658**
	Other comprehensive income	0	0
	Comprehensive income	**-3,629**	**-658**
	Distribution of comprehensive income		
	Parent company's shareholders	-3,629	-658
	Non-controlling interests	0	0
	Total	**-3,629**	**-658**
	Earnings per share		
9	Earnings per share (in DKK)	-450	-90
9	Diluted earnings per share (in DKK)	-450	-90

Consolidated balance sheet

ASSETS

Note		31/12/2014 DKK '000	31/12/2013 DKK '000	01/01/2013 DKK '000
10	Completed development projects	13,565	12,357	2,719
10	Acquired rights	97	0	0
10	Goodwill	762	762	762
10	Development projects in progress	21,074	13,071	7,838
11	Other plant, fixtures and fittings, tools and equipment	21	31	52
8	Deferred tax asset	0	0	251
	Other receivables	77	57	50
	Total non-current assets	**35,596**	**26,278**	**11,672**
12	Trade receivables	554	961	402
	Receivables from group companies	699	2,550	2,500
	Other receivables	207	832	564
	Prepayments	2,129	720	0
	Cash	11,958	90	1,943
	Total current assets	**15,547**	**5,153**	**5,409**
	Total assets	**51,143**	**31,431**	**17,081**

Consolidated balance sheet

EQUITY AND LIABILITIES

Note		31/12/2014 DKK '000	31/12/2013 DKK '000	01/01/2013 DKK '000
	Share capital	10,000	80	80
	Share premium	4,986	0	0
	Retained earnings	21,888	13,505	14,163
13	**Total equity**	**36,874**	**13,585**	**14,243**
8	Provisions for deferred tax	3,638	1,786	0
14	Payables to credit institutions	6,697	0	0
	Total non-current liabilities	**10,335**	**1,786**	**0**
14	Payables to credit institutions	871	0	9
	Payables to group companies	10	11,291	0
	Prepayments received from customers	94	0	230
	Trade payables	1,828	2,342	322
	Income tax payable	23	0	0
	Other payables	1,108	2,427	2,277
	Total current liabilities	**3,934**	**16,060**	**2,838**
	Total liabilities	**14,269**	**17,846**	**2,838**
	Total equity and liabilities	**51,143**	**31,431**	**17,081**

Consolidated statement of changes in equity

Amounts in DKK '000	Share total	Share premium	Retained earnings	Proposed dividend	Total equity
Statement of changes in equity 01/01/2013 – 31/12/2013					
Equity as at 01/01/2013	80	0	14,163	0	14,243
Net loss for the year			-658		-658
Other comprehensive income			0		0
Comprehensive income			-658		-658
Capital increase/reduction					0
Group contribution					0
Transactions with owners					0
Equity as at 31/12/2013	80	0	13,505	0	13,585
Statement of changes in equity 01/01/2014 – 31/12/2014					
Equity as at 01/01/2014	80	0	13,505	0	13,585
Net loss for the year			-3,629		-3,629
Other comprehensive income			0		0
Comprehensive income			-3,629		-3,629
Cash capital increase	29	14,971			15,000
Costs of capital increase		-94			-94
Capital increase through transfer of reserves	9,891	-9,891			0
Group contribution through debt remission			12,022		12,022
Group contribution in connection with purchase of treasury shares			4,990		4,990
Purchase of treasury shares			-5,000		-5,000
Transactions with owners	9,920	4,986	12,012		26,918
Equity as at 31/12/2014	10,000	4,986	21,888	0	36,874

Consolidated cash flow statement

	2014 DKK '000	2013 DKK '000
Loss before tax	**-5,028**	**-1,119**
Adjustment of non-cash transactions:		
Depreciation, amortisation and impairment losses	3,496	1,434
Financial income, reversed	0	-41
Financial expenses, reversed	317	198
Change in working capital:		
Receivables	407	-559
Trade payables	-514	2,020
Other receivables	625	-268
Prepayments	-1,409	-720
Other payables	-1,319	150
Prepayments received from customers	94	-230
Cash flows from operating activities before net financials	**-3,331**	**865**
Financial income received	0	41
Financial expenses paid	-57	-198
Tax paid	0	0
Cash flows from operating activities	**-3,388**	**708**
Purchase of property, plant and equipment	-16	0
Purchase of intangible assets	-12,778	-16,284
Purchase of investments	-20	-57
Sale of investments	0	50
Cash flows from investing activities	**-12,814**	**-16,291**
Proceeds from cash capital increase	14,906	0
Proceeds from raising of loan for credit institutions	7,308	0
Loans from group companies	5,856	13,739
Cash flows from financing activities	**28,070**	**13,739**
Total cash flows for the year	**11,868**	**-1,844**
Cash, beginning of year	90	1,934
Cash, end of year	**11,958**	**90**
Cash, end of year, comprises:		
Cash	11,958	90
Short-term payables to credit institutions	0	0
Total	**11,958**	**90**

Notes

1. Accounting policies
2. Significant accounting estimates and assessments
3. Segment information
4. Revenue
5. Staff expenses
6. Financial income
7. Financial expenses
8. Tax
9. Earnings per share
10. Intangible assets
11. Property, plant and equipment
12. Trade receivables
13. Equity
14. Payables to credit institutions
15. Contingent liabilities
16. Security provided
17. Operating lease commitments
18. Financial risks and financial instruments
19. Related parties
20. Events occurring after the balance sheet date
21. Adoption of the annual report for publication
22. The group's transition to IFRS
23. New accounting regulation

1. Accounting policies

Hugo Games A/S is a limited liability company domiciled in Denmark. The consolidated financial statements for 2014 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as approved by the EU and additional Danish disclosure requirements for annual reports of class B companies.

Danish kroner (DKK) is the group's presentation currency and the functional currency of the parent company. The consolidated financial statements are presented in Danish kroner (DKK) rounded off to the nearest DKK 1,000.

Transition to IFRS

The consolidated financial statements of Hugo Games A/S for 2014 are the first to be prepared in accordance with IFRS. The effect of the transition to IFRS is described in note 22.

Consolidated financial statements

The consolidated financial statements comprise Hugo Games A/S (parent company) and the companies (subsidiaries) controlled by the parent company. A company is regarded as controlled by the parent company when the parent company is exposed or entitled to variable returns on its involvement in the company, and has the ability to affect those returns through its power over the company.

The consolidated financial statements are prepared based on the financial statements of Hugo Games A/S and its subsidiaries. The consolidated financial statements are prepared by combining items of a uniform nature calculated in accordance with the group's accounting policies, eliminating intercompany income and expenditure, intercompany balances and dividends as well as gains and losses on transactions between the consolidated companies.

Business combinations

Newly acquired or newly founded companies are recognised in the consolidated financial statements as from the time of acquisition and the time of foundation, respectively. The time of acquisition is the time at which control of the company is actually obtained. Divested or discontinued companies are recognised in the consolidated statement of comprehensive income up until the time when control ceases.

When new companies are acquired and the group obtains control of an acquired company, it is recognised in accordance with the acquisition method, according to which the newly acquired company's identifiable assets, liabilities and contingent liabilities are measured at fair value at the date of acquisition.

1. Accounting policies – continued –

The acquisition price of a company is the fair value of the price paid for the acquired company. Expenses relating to the acquisition are recognised in the income statement when paid.

Positive differences (goodwill) between the acquisition price of the acquired company on the one hand and the fair value of the assets, liabilities and contingent liabilities acquired on the other are recognised as goodwill and tested for impairment at least once a year.

Figures pertaining to business combinations carried out before 1 January 2013 have not been restated according to the above accounting policies in connection with the transition to presentation of the consolidated financial statements in accordance with IFRS. The carrying amount as at 1 January 2013 of goodwill in connection with business combinations carried out before 1 January 2013 is regarded as the cost of goodwill under IFRS, see note 22.

Foreign currency translation

On initial recognition, transactions in currencies other than the functional currency of the individual company are recognised at the exchange rate applicable at the transaction date. Receivables, payables and other monetary items denominated in foreign currency not settled at the balance sheet date are translated using the exchange rate applicable at the balance sheet date.

Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment and the balance sheet date, respectively, are recognised in the income statement as net financials. Property, plant and equipment and intangible assets, inventories and other non-monetary assets purchased in foreign currency and measured based on historical cost are translated at the exchange rate applicable at the transaction date.

Tax

Tax for the year, consisting of current tax and changes in deferred tax, is recognised in the income statement with the portion attributable to tax on the profit or loss for the year, and directly in equity or in other comprehensive income with the portion attributable to amounts recognised directly in equity or in other comprehensive income, respectively.

Current tax payables and receivables are recognised in the balance sheet as tax computed on the basis of the taxable income for the year and taxes paid or refunded.

Current tax for the year is computed based on the tax rules and tax rates applicable at the balance sheet date.

1. Accounting policies – continued –

Deferred tax is recognised using the balance sheet liability method on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities, except for deferred tax on temporary differences due to either initial recognition of goodwill or initial recognition of a transaction that is not a business combination, and where the temporary difference ascertained at the time of initial recognition does not affect either the tax results or the taxable income. The deferred tax is calculated based on the planned use of the individual asset or settlement of the individual liability.

Deferred tax is measured applying the tax rules and tax rates expected to be applicable when the deferred tax is expected to crystallise as current tax. Any change in deferred tax as a result of changes in tax rules or rates is recognised in the income statement, unless the deferred tax is attributable to transactions that have previously been recognised directly in equity or in other comprehensive income. In the latter case, the change is recognised directly in equity or in other comprehensive income, respectively.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised in the balance sheet at the expected realisable value, either through offsetting against deferred tax liabilities or as a net tax asset for offsetting against future positive taxable incomes. An assessment is made on each balance sheet date of whether it is probable that sufficient taxable income will be generated in future to enable utilisation of the deferred tax asset.

The group is subject to joint taxation. The current Danish income tax is allocated between the jointly taxed companies in proportion to their taxable incomes.

Statement of comprehensive income

Revenue

Revenue from sales of games and in-app purchases is recognised in the income statement if delivery has taken place and the risk has passed to the purchaser before the balance sheet date, and the revenue can be determined reliably and is expected to be received. For sales of games and in-app purchases where delivery takes place via third parties (platform distribution partners), Hugo Games A/S is the primary contractual party for the users and fixes the prices. Sales of games and in-app purchases are consequently measured as the fee paid by the user for the delivery, while costs for the third party are recognised under cost of sales.

1. Accounting policies – continued –

Income from the provision of advertising services is recognised as revenue as the agreed services are provided. For sales of advertising services provided via third parties (platform distribution partners), Hugo Games A/S is the primary contractual party for the users and fixes the prices. Income from advertising services is consequently measured exclusive of costs for such third parties.

Revenue is measured at the fair value of the fee received or receivable and is stated exclusive of VAT and discounts.

External expenses

Other external expenses comprise expenses relating to marketing, administrative expenses, costs of premises, bad debts, operating leases etc.

Staff expenses

Staff expenses comprise wages and salaries as well as social security expenses, pensions for group staff and other staff-related expenses.

Net financials

Net financials comprise interest income and expenses as well as realised and unrealised gains and losses on transactions in foreign currency.

Amortisation of capital losses and borrowing costs relating to financial liabilities is recognised on an ongoing basis as part of the interest expenses.

Balance sheet

Goodwill

On initial recognition, goodwill is recognised and measured as the difference between the cost of the acquired company and the fair value of the assets, liabilities and contingent liabilities acquired, see the description in the section on business combinations.

On initial recognition, goodwill is distributed on the group activities that generate independent cash flows (cash-generating units). The distribution on cash-generating units follows the management structure and the group's internal financial management.

Goodwill is not amortised, but is tested for impairment at least once a year.

1. Accounting policies – continued –

Development projects

Development costs comprise staff expenses and fees for subsuppliers directly attributable to the development of new games. Development projects which are clearly defined and whose technical feasibility and sufficiency of resources have been demonstrated and which the company intends to complete and market are recognised as development projects in the balance sheet if the cost can be determined reliably and there is sufficient certainty that the future earnings will cover the development costs. Recognised development projects are measured at cost less accumulated amortisation and impairment losses.

Other development costs are recognised in the income statement under other external expenses or staff expenses as the costs are paid.

Once completed, development projects are amortised according to the straight-line method over their estimated useful lives from the time when the asset is ready for use. Development projects relating to a game are regarded as being ready for use at the time when the game is launched and made available to the users at the latest. The first launch may be either a soft launch whose main purpose is to gain experience about user preferences and behaviour in the game with a view to making improvements, or a hard launch where the main purpose is to generate commercial income. The amortisation period is usually 5 years from soft launch and 3 years from hard launch. Amortisation methods, useful lives and residual values are reviewed every year.

Property, plant and equipment

Property, plant and equipment are measured in the balance sheet at the lower of cost less accumulated depreciation and recoverable amount.

Cost comprises the acquisition price, costs directly related to the acquisition and costs for preparation of the asset until such time as the asset is ready for use. The depreciation period is usually 3-5 years. Depreciation methods, useful lives and residual values are reviewed every year.

Non-current financial assets

Other receivables recognised under non-current assets comprise deposits and are measured at the lower of accumulated cost and recoverable amount.

Impairment of assets (impairment test)

The carrying amount of property, plant and equipment and intangible assets with determinable useful lives are tested for impairment every year. If indications of impairment are found, the recoverable amount of the asset is calculated to determine the need to write down for impairment and the amount of such impairment loss, if relevant.

1. Accounting policies – continued –

The recoverable amount of development projects in progress and goodwill are determined every year, regardless of whether any indications of impairment exists.

If an asset does not produce inflows independently of other assets, the recoverable amount is determined for the smallest cash-generating unit of which the asset forms part.

The higher of fair value less selling costs and value in use is used as the recoverable amount of the asset. The value is use is determined as the present value of the expected net cash flows from use of the asset. If the recoverable amount of the asset is lower than the carrying amount, the carrying amount is written down to the recoverable amount.

In so far as cash-generating units are concerned, the impairment loss is distributed in such a way that goodwill is written down for impairment first, and subsequently any remaining need for impairment is distributed on the other assets in the unit. However, individual assets cannot be written down to a value lower than heir fair value less expected selling costs. Impairment losses are recognised in the income statement.

Receivables

Receivables comprise trade receivables and other receivables. Receivables are included in the category loans and receivables, which are financial assets with fixed or determinable payments that are not listed in an active market and are not derivative financial instruments. On initial recognition, receivables are measured at fair value and subsequently at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Any write-downs for bad debts are determined on the basis of an individual assessment of the individual receivable.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of the subsequent financial year. Prepayments are measured at cost.

Dividend

Dividend is recognised as a liability at the time of adoption by the general meeting.

1. Accounting policies – continued –

Treasury shares

Acquisition costs and consideration for treasury shares and dividend from such are recognised directly in equity under retained earnings.

Liabilities

Non-current liabilities comprise other credit institutions. Payables to credit institutions are measured at cost at the time of contracting such payables (raising of loans). Subsequently, the liabilities are measured at amortised cost, meaning that the difference between the proceeds from the loan and the repayable amount is recognised in the income statement over the period of the loan as a financial expense according to the effective interest method.

Other financial liabilities comprise bank debt, trade payables, other payables to public authorities and other liabilities. On initial recognition, other financial liabilities are measured at fair value less any transaction costs. Subsequently, the liabilities are measured at amortised cost according to the effective interest method, so that the difference between the proceeds and the nominal value is recognised in the income statement as a financial expense over the period of the loan.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash at the beginning and end of the year.

Cash flows from operating activities are presented in accordance with the indirect method and are determined as the operating profit or loss adjusted for non-cash operating items, changes in working capital and paid financial income, financial expenses and income tax.

Cash flows from investing activities comprise payments in connection with the acquisition and sale of companies and financial assets as well as the purchase, development, improvement and sale of property, plant and equipment and intangible assets.

Cash flows from financing activities comprise changes in the parent company's share capital and associated costs as well as the raising and repayment of loans, the repayment of interest-bearing debt, the purchase and sale of treasury shares and the payment of dividends.

Cash flows in currencies other than the functional currency are recognised in the cash flow statement using average exchange rates, unless they deviate significantly from the actual exchange rates at the transaction dates.

Cash and cash equivalents comprise cash less overdraft facilities that are an integrated part of the cash management.

2. Significant accounting estimates and judgements

In connection with the preparation of the consolidated financial statements, the management makes a number of accounting estimates and assessments that affect the recognised values of assets, liabilities, income, expenses and cash flows as well as their presentation.

Accounting estimates reflect the management's best estimates in terms of amounts where the measurement is subject to uncertainty, typically because the estimate is based on assumptions concerning future events. The accounting estimates are based on historical experience and other assumptions deemed relevant, but the actual results may, naturally, deviate from the estimates made. The estimates are regularly reassessed, and the effect of changes is recognised in the consolidated financial statements.

Accounting judgements reflect decisions made by the management as to how the accounting policies are applied in specific situations where the accounting treatment depends on qualitative assessments. Examples could be when the risk passes or how a certain transaction or item is best presented to provide reliable and relevant information.

The following accounting estimates and judgements have had significant impact on the consolidated financial statements for 2014:

Amortisation of development projects

To reflect the use of the development projects in the form of amortisation, the time when the asset is ready for use and the expected useful life must be determined. Generally, development projects are amortised from the time when the game is first made available to the users. Reference is made to the presentation in the accounting policies.

Impairment test

For use in connection with the impairment test, the management has distributed property, plant and equipment and intangible assets on cash-generating units or groups of cash-generating units generating inflows which are largely independent of other assets or groups of assets.

Development projects concerning various games are regarded as one cash-generating unit if the games are predominantly based on the same development work. Basic development projects on which all the group's games are based are categorised in the group of cash-generating units that make up the entire group. The distribution of assets on cash-generating units is described in note 10.

2. Significant accounting estimates and assessments – continued –

Key assumptions for the determination of the recoverable amount of the cash-generating units are the expected number of daily users (Daily Active Users or DAU) and the degree of retention of such users in the individual game plus the revenue per daily active user (Average Revenue Per Daily Active User or ARPDAU). DAU and retention are expressed in the key assumption "DAU after 120 days", which states the expected number of daily users 120 days after launch of a game, see note 10.

3. Segment information

The group consists of one operating segment.

Geographic distribution

All intangible assets and property, plant and equipment are located in Denmark. The group primarily sells its products through third parties (platform distribution partners). The most important single countries are Denmark and Germany. For 2014, revenue totalled DKK 1,378k (2013: DKK 3,119k) in Denmark, and DKK 846k (2013: DKK 824k) in Germany. No individual customer accounted for more than 10% of the group's revenue in 2014. In 2013, one individual customer accounted for DKK 640k of the group's revenue, corresponding to more than 10% of revenue.

	2014 DKK '000	2013 DKK '000

4. Revenue

Revenue is distributed as follows:

	2014 DKK '000	2013 DKK '000
Sales of games and in-app purchases	5,213	4,685
Sales of services (advertising services)	874	92
Licence income	257	595
Total	6,344	5,372

	2014 DKK '000	2013 DKK '000

5. Staff expenses

Wages and salaries	5,299	6,381
Pensions	370	352
Other social security expenses	201	283
Total	5,870	7,016

Total staff expenses are recognised as follows:

Staff expenses in the income statement	376	543
Development projects	5,494	6,473
Total	5,870	7,016

Average number of employees in the year	11	13

Remuneration for key management employees:

Parent company's Board of Directors, fee	0	0
Parent company's Executive Board, short-term employee benefits	942	953
Parent company's Executive Board, pension	0	0
Total remuneration for key management employees	942	953

6. Financial income

Interest income on assets measured at amortised cost	0	41
Foreign exchange gains, net	0	0
Total	0	41

	2014 DKK '000	2013 DKK '000

7. Financial expenses

	2014	2013
Interest expenses on liabilities measured at amortised cost	317	198
Exchange rate loss, net	0	0
Total	317	198

8. Tax

	2014	2013
Tax on loss for the year:		
Current tax	23	0
Change in deferred tax	1,852	2,039
Tax received under the tax credit scheme/joint taxation contributions	-3,274	-2,500
Tax on loss for the year:	-1,399	-461

Reconciliation of effective tax rate:

	2014	2013
Tax computed on the loss before tax at a tax rate of 24.5% / 25.0%	-1,232	-280
Effect of changed tax rate in Denmark	-116	-48
Tax value of non-deductible expenses	15	4
Other adjustments	-66	-137
Effective tax rate (27.8% / 41.2%)	-1,399	-461

Deferred tax is made up as follows:

Amounts in DKK '000	31/12/2014	31/12/2013	01/01/2003
Intangible assets	7,842	5,983	2,223
Property, plant and equipment	-74	-101	-100
Tax losses carried forward	-4,130	-4,096	-2,374
Total deferred tax	3,638	1,786	-251

which is distributed as follows:

	31/12/2014	31/12/2013	01/01/2003
Deferred tax assets	0	0	251
Deferred tax liabilities	3,638	1,786	0
Total	3,638	1,786	-251

	2014 DKK '000	2013 DKK '000

9. Earnings per share

	2014 DKK '000	2013 DKK '000
Net loss for the year	-3,629	-658
Average number of shares	8,163	7,345
Average number of treasury shares	-94	0
Average number of shares in circulation	8,069	7,345
Diluted average number of shares in circulation	8,069	7,345
Earnings per share of DKK 1,000 each (in DKK)	-450	-90
Diluted earnings per share of DKK 1,000 each (in DKK)	-450	-90

10. Intangible assets

Amounts in DKK '000	Completed development projects	Acquired rights	Goodwill	Development projects in progress	Total
Financial year 2014					
Cost as at 01/01/2014	14,143	0	762	13,071	27,976
Additions during the year	4,675	100	0	8,003	12,778
Disposals during the year	0	0	0	0	0
Cost as at 31/12/2014	18,818	100	762	21,074	40,754
Amortisation and impairment losses as at 01/01/2014	1,786	0	0	0	1,786
Impairment losses during the year	0	0	0	0	0
Amortisation during the year	3,467	3	0	0	3,470
Amortisation and impairment losses as at 31/12/2014	5,253	3	0	0	5,256
Carrying amount as at 31/12/2014	13,565	97	762	21,074	35,498

10. Intangible assets – continued –

Amounts in DKK '000	Completed development projects	Acquired rights	Goodwill	Development projects in progress	Total
Financial year 2013					
Cost as at 01/01/2013	3,092	0	762	7,838	11,692
Additions	10,710	0	0	5,574	16,284
Disposals	0	0	0	0	0
Transferred to completed development projects	341	0	0	-341	0
Cost as at 31/12/2013	14,143	0	792	13,071	27,976
Amortisation and impairment losses as at 01/01/2013	373	0	0	0	373
Impairment	0	0	0	0	0
Amortisation	1,413	0	0	0	1,413
Amortisation and impairment losses as at 31/12/2013	1,786	0	0	0	1,786
Carrying amount as at 31/12/2013	12,357	0	762	13,071	26,190

Impairment test

Cash-generating units comprising goodwill and development projects in progress are tested for impairment at least once a year and more frequently in case of indications of impairment.

The recoverable amount is determined at a calculated value in use based on budgets and prognoses for the coming 3 financial years approved by the Board of Directors.

The group's budgets and prognoses for the coming 3 years and thus the determination of the recoverable amount of the cash-generating units are substantially impacted by the management's expectations for growth in connection with the launch of new games.

10. Intangible assets – continued –

Distribution of intangible assets on cash-generating units:

Amounts in DKK '000	Completed development projects	Acquired rights	Goodwill	Development projects in progress	Total
31/12/2014					
Super casual games	2,492	0	0	5,259	7,751
Casual/sims games	6,217	0	0	1,841	8,058
Strategy games	4,524	0	0	0	4,524
Hugo Games group	0	0	762	13,974	14,736
Other units	332	97	0	0	429
Total	13,565	97	762	21,074	35,498
31/12/2013					
Super casual games	3,184	0	0	1,450	4,634
Casual/sims games	4,390	0	0	0	4,390
Strategy games	4,034	0	0	0	4,034
Hugo Games group	0	0	762	11,621	12,383
Other units	749	0	0	0	749
Total	12,357	0	762	13,071	26,190
01/01/2013					
Super casual games	1,731	0	0	0	1,731
Casual/sims games	0	0	0	141	141
Strategy games	0	0	0	200	200
Hugo Games group	0	0	762	7,497	8,259
Other units	988	0	0	0	988
Total	2,719	0	762	7,838	11,319

10. Intangible assets – continued –

Key assumptions for the determination of the recoverable amount of the cash-generating units are the expected number of daily users (Daily Active Users or DAU) of the individual games calculated 120 days after hard launch and the average revenue per daily active user (Average Revenue Per Daily Active User or ARPDAU). The key figures are stated 120 days after launch of the individual games during the period 2015-17.

As a consequence of the expectation that most of the revenue from new games is realised within 3 years of their launch, neither the discount rate nor growth during the terminal period represent significant assumptions in respect of the recoverable amount. The uncertainty associated with the determination of the recoverable amount is primarily believed to relate to DAU, as ARPDAU is based on historical experience. The average ARPDAU is DKK 0.24 – 0.33 for all periods. Budgets approved by the management express the following expectations for the cash-generating units:

- Super casual games comprise 3 games with expected hard launch in 2015 and 2016, which are included in capitalised development costs as at 31 December 2014 (2 games as at 31 December 2013 and 1 game at 1 January 2013).
- Casual/sims games comprise 3 games with expected hard launch in 2015 and 2016, which are included in capitalised development costs as at 31 December 2014 (1 game as at 31 December 2013 and 1 game as at 1 January 2013).
- Strategy games comprise 1 game with expected hard launch in 2017, which is included in capitalised development costs as at 31 December 2014, as at 31 December 2013 and as at 1 January 2013.

DAU after 120 days (in thousands)	31/12/2014	31/12/2013	01/01/2013
Super casual games	1,480	840	190
Casual/sims games	770	260	260
Strategy games	290	290	290
Hugo Games group	2,520	1,380	740

The management has assessed that reasonably probable changes in the key assumptions will not lead to impairment.

11. Property, plant and equipment

Amounts in DKK '000	Other fixtures and fittings, tools and equipment	Total
Financial year 2014		
Cost as at 01/01/2014	68	68
Additions	16	16
Cost as at 31/12/2014	84	84
Depreciation and impairment losses as at 01/01/2014	37	37
Depreciation	26	26
Depreciation and impairment losses as at 31/12/2014	63	63
Carrying amount as at 31/12/2014	21	21
Financial year 2013		
Cost as at 01/01/2013	68	68
Additions	0	0
Cost as at 31/12/2013	68	68
Depreciation and impairment losses as at 01/01/2013	16	16
Depreciation	21	21
Depreciation and impairment losses as at 31/12/2013	37	37
Carrying amount as at 31/12/2013	31	31

12. Trade receivables

	31/12/2014 DKK '000	31/12/2013 DKK '000	01/01/2013 DKK '000
Gross receivable	554	961	402
Provision for losses	0	0	0
Total	554	961	402
Due receivables not written down:			
Overdue, less than 30 days	0	0	0
Overdue, more than 30 days	0	0	0
Total	0	0	0

13. Equity

Share capital

The company's share capital consists of 10,000 shares of DKK 1,000 each. The shares are fully paid in. The shares are not divided into classes, and no shares enjoy special rights.

Treasury shares

The group's holding of treasury shares, nominally DKK 850k, corresponds to 8.5% of the parent company's share capital. The holding comprises 850 shares of DKK 1,000 each.

Capital management

The group aims to ensure structural and financial flexibility as well as competitive strength. For that purpose, the group regularly assesses what the appropriate capital structure for the group is.

Dividend

It is proposed that no dividend be paid.

14. Payables to credit institutions

Amounts in DKK '000	Foreign currency	Term to maturity	Interest	Carrying amount	Fair value
Payables to credit institutions as at 31/12/2014					
The Danish Growth Fund, Vækstfonden, floating-rate loan	DKK	4.5 years	6.9%	7,568	7,760
Total as at 31/12/2014				7,568	7,760

In addition to interest, the Danish Growth Fund is entitled to a performance bonus, if the company realises a positive EBITDA. No performance bonus is recognised for 2014.

Methods and assumptions for the determination of fair value

Floating-rate payables to credit institutions are measured at nominal value.

15. Contingent liabilities

The group companies are taxed jointly with the other companies in the AULA Holding ApS group, and, as from the 2013 financial year, they have joint and several and unlimited liability together with the other jointly taxed companies for the total income tax and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies.

The total tax liability for the jointly taxed companies at the balance sheet date has not yet been computed. For further information, please see the administration company AULA Holding ApS's financial statements.

The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

An agreement has been concluded with subsuppliers for the development of games, which include provisions on profit sharing of future income from games.

16. Security provided

As security for payables to credit institutions of DKK 7,571k, the subsidiary has provided a company charge of DKK 7,500k comprising goodwill, intellectual property rights, trade receivables, inventories, other plant, fixtures and fittings, tools and equipment. The total carrying amount of the comprised assets is DKK 38,046k.

17. Operating lease commitments

	31/12/2014 DKK '000	31/12/2013 DKK '000	01/01/2013 DKK '000
The group has concluded operating leases in respect of office premises. The leases are based on fixed lease payments, which are index-adjusted once every year. The leases are non-terminable.			
The total, future minimum lease payments are distributed as follows:			
Within 1 year	298	398	0
1-5 year(s)	0	298	0
After 5 years	0	0	0
Total	298	696	0
Operating lease payments recognised in the income statement amount to	509	661	-

18. Financial risks and financial instruments

Risk management policy

The group's financial risks are managed by the Executive Board. The group has not prepared particular policies for the identification and handling of risks. The management of the group's risks is included in the Executive Board's day-to-day monitoring of the group.

Interest rate risk

All other things being equal, a reasonably probable higher interest rate level compared with the interest rate level at the balance sheet date would have the following hypothetical effect on the loss for the year and the equity at year-end:

	2014		2013	
Amounts in DKK '000	Income statement	Equity	Income statement	Equity
The Danish Growth Fund, Vækstfonden, floating-rate loan	-62	-62	-	-
Total	-62	-62	-	-

18. Financial risks and financial instruments – continued –

A reasonably probable lower interest rate level compared with the interest rate level at the balance sheet date would have a similar, opposite effect on the loss for the year and equity.

Assumptions for sensitivity analysis:

- Sensitivities are based on the recognised financial liabilities as at 31 December 2014.
- The sensitivity is based on a change of 1% in CIBOR 3 months.
- The above changes are regarded as reasonably probable based on the current market situation and expectations for the market development in the interest rate level.

Currency risk

The group is not subject to material currency risks.

Credit risk

The maximum credit risk relating to receivables corresponds to the carrying amount. Information about trade receivables due appears from note 12. The group is not subject to material credit risks.

Liquidity risk

The group's liquidity risk covers the risk that the group is not able to meet its liabilities as they fall due.

The maturities of financial liabilities appear from the tables below. All amounts are contractual cash flows, i.e. inclusive of interest.

Amounts in DKK '000	Within 1 year	1-2 year(s)	2-5 years	Over 5 years	Total
As at 31/12/2014					
Other credit institutions	1,137	2,274	5,694	0	9,105
Trade payables	1,827	0	0	0	1,827
Other payables	1,108	0	0	0	1,108
Total	4,072	2,274	5,694	0	12,040
As at 31/12/2013					
Trade payables	2,342	0	0	0	2,342
Other payables	2,427	0	0	0	2,427
Payables to group companies	11,291	0	0	0	11,291
Total	16,060	0	0	0	16,060

19. Related parties

Ownership

The parent company AULA Holding ApS, Vitus Berings Allé 16, DK-2930 Klampenborg, exercises control of Hugo Games A/S, as the company holds the majority of the voting rights.

Shareholders holding more than 5% of the share capital or the voting rights:

- AULA Holding ApS, 62.45%
- HUGO NewHold ApS, 26.55%
- Hugo Games A/S, treasury shares 8.5%

Other than the capital increase and group contribution, there were no related-party transactions.

Equity investments in other companies

Name	Registered office	Ownership interest
Subsidiaries		
Hugo Games Development ApS (Formerly Hugo Games ApS)	Frederiksberg	100%
Ivanoff Interactive A/S	Frederiksberg	100%

Transactions with key management employees

Remuneration for the management is disclosed in note 5. There were no other transactions with key management employees.

Transactions with other related parties

There were no transactions with other related parties.

20. Events occurring after the balance sheet date

In January 2015, the capital base was strengthened by DKK 5,750k in connection with a sale of treasury shares contributed by the parent company by way of a group contribution.

Apart from the above, no important events have occurred after the end of the financial year.

21. Adoption of the annual report for publication

At the board meeting on 27 March 2015, the Board of Directors adopted this annual report for publication. The annual report will be presented to Hugo Games A/S's shareholders for approval at the annual general meeting on 15 April 2015.

22. The group's transition to IFRS

The consolidated financial statements for 2014 are the first consolidated financial statements to be prepared in accordance with IFRS as approved by the EU and additional Danish disclosure requirements for annual reports of class B companies, as the group companies only prepared separate financial statements according to the provisions of the Danish Financial Statements Act up until and including the 2013 financial year. Regardless of the fact that consolidated financial statements have not previously been prepared, the effect of the transition to IFRS for the group is shown in the tables below.

The IFRS opening balance sheet as at 1 January 2013 and the comparative figures for 2013 have been prepared in accordance with IFRS, including the transitional provisions of IFRS 1 "First-time adoption of IFRS". The accounting policies are based on the accounting standards and interpretations in effect as at 31 December 2014. The IFRS opening balance sheet as at 1 January 2013 has been prepared as if IFRS had always been applied, except for the transitional provisions in IFRS 1. The following transitional provisions have been applied:

- IFRS 3 Business combinations is not applied to business combinations carried out before the IFRS opening balance sheet as at 1 January 2013. The carrying amount of goodwill according to the the previous practice, DKK 762k, is consequently used in the IFRS opening balance sheet as at 1 January 2013. The group carried out an impairment test of goodwill as at 1 January 2013.

The cash flow statement is not affected by the transition to IFRS.

22. The group's transition to IFRS – continued –

Effect of transition to IFRS for the income statement for 2013

Note	Amounts in DKK '000	Previous practice	Effect of transition	IFRS
	Revenue	**5,372**	**0**	**5,372**
	Cost of sales	1,435	0	1,435
	Gross profit	**3,937**	**0**	**3,937**
	Other external expenses	2,920	0	2,920
	Staff expenses	543	0	543
	Loss before depreciation, amortisation and impairment losses (EBITDA)	**474**	**0**	**474**
A	Depreciation and amortisation of property, plant and equipment and intangible assets	1,627	-191	1,436
	Operating loss (EBIT)	**-1,153**	**191**	**-962**
	Financial income	41	0	41
	Financial expenses	198	0	198
	Loss before tax	**-1,310**	**191**	**-1,119**
	Tax on loss for the year	-461	0	-461
	Net loss for the year	**-849**	**191**	**-658**

22. The group's transition to IFRS – continued –

Effect of transition to IFRS for the balance sheet as at 1 January 2013

Amounts in DKK '000	Previous practice	Effect of transition	IFRS
ASSETS			
Completed development projects	2,719	0	2,719
Goodwill	762	0	762
Development projects in progress	7,838	0	7,838
Other plant, fixtures and fittings, tools and equipment	52	0	52
Other receivables	50	0	50
Total non-current assets	**11,421**	**0**	**11,421**
Trade receivables	402	0	402
Receivables from group companies	2,500	0	2,500
Other receivables	564	0	564
Deferred tax asset	251	0	251
Cash	1,943	0	1,943
Total current assets	**5,660**	**0**	**5,660**
Total assets	**17,081**	**0**	**17,081**
EQUITY AND LIABILITIES			
Share capital	80	0	80
Retained earnings	14,163	0	14,163
Total equity	**14,243**	**0**	**14,243**
Provisions for deferred tax	0	0	0
Total non-current liabilities	**0**	**0**	**0**
Payables to credit institutions	9	0	9
Prepayments received from customers	230		230
Trade payables	322	0	322
Other payables	2,277	0	2,277
Total current liabilities	**2,838**	**0**	**2,838**
Total equity and liabilities	**17,081**	**0**	**17,081**

22. The group's transition to IFRS – continued –

Effect of transition to IFRS for the balance sheet as at 31 December 2013

	Amounts in DKK '000	Previous practice	Effect of transition	IFRS
	ASSETS			
	Completed development projects	12,357	0	12,357
A	Goodwill	571	191	762
	Development projects in progress	13,071	0	13,071
	Other plant, fixtures and fittings, tools and equipment	31	0	31
	Other receivables	57	0	57
	Total non-current assets	**26,087**	**191**	**26,278**
	Trade receivables	961	0	961
	Receivables from group companies	2,550	0	2,550
	Other receivables	832	0	832
	Prepayments	720	0	720
	Cash	90	0	90
	Total current assets	**5,153**	**0**	**5,153**
	Total assets	**31,240**	**191**	**31,431**
	EQUITY AND LIABILITIES			
	Share capital	80	0	80
A	Retained earnings	13,314	191	13,505
	Total equity	**13,394**	**191**	**13,585**
	Provisions for deferred tax	1,786	0	1,786
	Total non-current liabilities	**1,786**	**0**	**1,786**
	Payables to group companies	11,291	0	11,291
	Trade payables	2,342	0	2,342
	Other payables	2,427	0	2,427
	Total current liabilities	**16,060**	**0**	**16,060**
	Total equity and liabilities	**31,240**	**191**	**31,431**

22. The group's transition to IFRS – continued –

Correction of development projects

In the above outline, errors are corrected in the consolidated financial statements under the previous practice in connection with the measurement of development projects, primarily because development projects were not amortised from the time when they were ready for use. The correction has led to a reduction of development projects in the opening balance sheet as at 1 January 2013 by DKK 368k and as at 31 December 2013 by DKK 2,527k as well as derived tax effects.

Note A

According to the previous practice, goodwill is amortised over 5 years. According to IFRS, goodwill is not amortised, but is tested for impairment every year (impairment test).

23. New accounting regulation

IASB has published a number of new and changed accounting standards and interpretations, which are not mandatory for the preparation of the consolidated financial statements for 2014. The management has launched an assessment of the impact of IFRS 9 on financial instruments (effective date 1 January 2018, not yet approved by the EU) and IFRS 15 on revenue recognition (effective date 1 January 2017, not yet approved by the EU) on the future financial reporting. The other standards are not expected to have any substantial impact on the group.

Parent company accounting policies

The financial statements of the parent company Hugo Games A/S have been prepared in accordance with the provisions of the Danish Financial Statements Act on class B companies.

The financial statements are presented in Danish kroner (DKK).

The parent company's accounting policies have been applied consistently with last year.

Changes in accounting estimates and errors

In connection with the group's transition to IFRS, the company has ascertained the existence of errors, which has caused correction of fundamental errors in previously presented annual reports:

- In previous financial years, no adjustment was made of intercompany profits on the company's equity investments in group companies. The effect of the fundamental error on equity as at 1 January 2013 has been calculated at DKK -333k, while the profit after tax for 2013 has been reduced by DKK 686k. Equity investments in group companies have been reduced by DKK 1,020k as at 31 December 2013.

- In previous years, development projects in subsidiaries were not amortised from the time when they were ready for use. The effect of the fundamental error on equity as at 1 January 2013 has been calculated at DKK -333k, while the profit after tax for 2013 has been reduced by DKK 926k. Equity investments in group companies have been reduced by DKK 1,105k as at 31 December 2013.

Differences in relation to the group's accounting policies

The parent company applies the same accounting policies for recognition and measurement as the group with the exceptions and additions appearing below. For a complete description of the parent company's accounting policies, please see note 1 to the consolidated financial statements.

Income statement and balance sheet

Equity investments in subsidiaries

Equity investments in subsidiaries are recognised in the balance sheet at the proportionate share of the companies owned adjusted for any residual value of positive or negative goodwill as well as unrealised intercompany profits and losses.

Profits or losses in subsidiaries are recognised in the income statement in proportion to the shares equivalent to the equity investments.

Newly acquired or newly founded enterprises are recognised in the financial statements as from the time of acquisition. Companies divested or discontinued are recognised until the date of divestment.

Newly acquired companies are recognised in accordance with the acquisition method, according to which the identifiable assets and liabilities of the newly acquired companies are recognised at fair value at the time of acquisition.

The goodwill (positive difference) determined at the time of acquisition is recognised under equity investments in subsidiaries and amortised according to the straight-line method based on an individual assessment of the useful life of the asset, the maximum period, however, being 20 years.

Cash flow statement

No cash flow statement is prepared for the parent company, as the parent company is included in the consolidated cash flow statement, see Section 86(4) of the Danish Financial Statements Act.

Parent company income statement

Note		2014 DKK '000	2013 DKK '000
	Other external expenses	13	14
	Staff expenses	0	0
	Loss before depreciation, amortisation and impairment losses	**-13**	**-14**
	Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	0	0
	Operating loss	**-13**	**-14**
2	Income from equity investments in group companies	-3,808	-838
	Other financial income	0	0
	Other financial expenses	0	0
	Total net financials	**-3,808**	**-838**
	Loss before tax	**-3,821**	**-852**
1	Tax on loss for the year	-3	-3
	Net loss for the year	**-3,818**	**-849**

Proposed distribution of net loss

Dividend for the financial year	0
Retained earnings	-3,818
Total	**-3,818**

Parent company balance sheet

ASSETS

Note		31/12/2014 DKK '000	31/12/2013 DKK '000
	Acquired rights	0	0
	Total intangible assets	**0**	**0**
	Equity investments in group companies	21,629	13,415
2	**Total investments**	**21,629**	**13,415**
	Total non-current assets	**21,629**	**13,415**
	Receivables from group companies	14,877	0
	Deferred tax asset	9	6
	Total receivables	**14,886**	**6**
	Cash	**1**	**1**
	Total current assets	**14,887**	**7**
	Total assets	**36,516**	**13,422**

EQUITY AND LIABILITIES

Note		31/12/2014 DKK '000	31/12/2013 DKK '000
	Share capital	10,000	80
	Share premium	4,986	0
	Reserve for net revaluation according to the equity method	0	0
	Retained earnings	21,508	13,315
3	**Total equity**	**36,494**	**13,395**
	Trade payables	12	12
	Payables to group companies	10	15
	Total current liabilities	**22**	**27**
	Total liabilities	**22**	**27**
	Total equity and liabilities	**36,516**	**13,422**

4 Contingent liabilities
5 Security provided

	2014 DKK '000	2013 DKK '000
1. Tax		
Current tax for the year	0	0
Change in deferred tax	-3	-3
Total tax for the year	-3	-3
Tax comprises:		
Tax on loss for the year	-3	-3
Tax on changes in equity	0	0
Total	-3	-3

2. Investments

	31/12/2014 DKK '000
Cost as at 31/12/2014	14,527
Additions during the year (group contribution)	12,022
Disposals during the year	0
Cost as at 31/12/2014	26,549
Impairment losses as at 31/12/2014	-731
Loss before amortisation of goodwill during the year	-3,618
Reversal of revaluations relating to disposals during the year	0
Impairment losses as at 31/12/2014	-4,349
Amortisation of goodwill as at 31/12/2014	-381
Amortisation of goodwill during the year	-190
Reversal of amortisation relating to disposals during the year	0
Amortisation of goodwill as at 31/12/2014	-571
Carrying amount as at 31/12/2014	21,629

3. Equity

Amounts in DKK '000	Share total	Share premium	Reserve for net revaluation according to the equity method	Retained earnings	Total
Balance as at 01/01/2013	80	0	1,245	13,585	14,910
Correction of fundamental errors			-666		-666
Purchase/sale of treasury shares					
Foreign currency translation adjustment of equity investments					
Capital increase/reduction					
Payment of share capital					
Proposed distribution of net loss			-579	-270	-849
Balance as at 31/12/2013	80	0	0	13,315	13,395
Balance as at 01/01/2014	80	0	0	13,315	13,395
Purchase/sale of treasury shares					
Group contribution				12,021	12,021
Cash capital increase	29	14,877			14,906
Capital increase through transfer of reserves	9,891	-9,891			0
Group contribution in connection with purchase of treasury shares				4,990	4,990
Purchase of treasury shares				-5,000	-5,000
Proposed distribution of net loss				-3,818	-3,818
Balance as at 31/12/2014	10,000	4,986	0	21,508	36,494

Share capital movements during the financial year and the 4 preceding financial years:

	DKK '000
Foundation of company, 2011	80
Cash capital increase, 2014	29
Capital increase through transfer of reserves, 2014	9,891
Balance as at 31/12/2014	10,000

The share capital consists of 10,000 shares of nominally DKK 1,000 each.

Reference is also made to note 13 in the consolidated financial statements.

4. Contingent liabilities

The parent company is taxed jointly with the other companies in the AULA Holding ApS group, and, as from the 2013 financial year, the parent company has joint and several and unlimited liability together with the other jointly taxed companies for the total income tax and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies.

The total tax liability for the jointly taxed companies at the balance sheet date has not yet been computed. For further information, please see the administration company AULA Holding APS's financial statements.

The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

5. Security provided

None.