a-solutions A/S

Islevdalvej 214, 2610 Rødovre

CVR no. 27 04 79 47

Annual report 2016

Approved at the annual general meeting of shareholders on 31 May 2017

Chairman:

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Niels Hansen Friis

Building a better
working world

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of a-solutions A/S for the financial year 1 January - 31 December 2016.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Company at 31 December 2016 and of the results of the Group's and the Company's operations for the financial year 1 January - 31 December 2016.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Rødovre, 31 May 2017
Executive Board:

Peter Nicolai Weiss

Board of Directors:

Jesper Jarlbæk
Chairman

Lars Ankjer Jensen

Johnny Laursen

Independent auditor's report

To the shareholders of a-solutions A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of a-solutions A/S for the financial year 1 January - 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for both the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2016, and of the results of the Group and parent Company's operations for the financial year 1 January - 31 December 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 Company financial statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and 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 company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the Parent Company 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 company financial statements

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

Independent auditor's report

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent company 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 Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the Parent Company 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 Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the Parent Company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is 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 Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the note disclosures, and whether the consolidated financial statements and the parent company 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 Management's review

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the parent company financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 31 May 2017
Ernst & Young
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jan C. Olsen
State Authorised Public Accountant

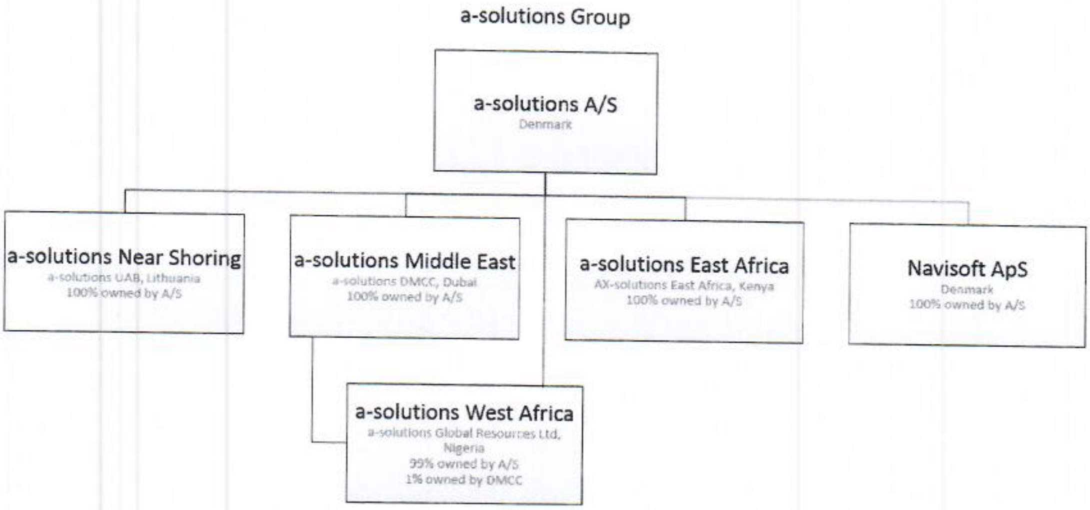
Management's review

Company details

Name	a-solutions A/S
Address, Postal code, City	Islevdalvej 214, 2610 Rødovre
CVR no.	27 04 79 47
Established	26 February 2003
Registered office	Rødovre
Financial year	1 January - 31 December
Board of Directors	Jesper Jarlbæk, Chairman Lars Ankjer Jensen Johnny Laursen
Executive Board	Peter Nicolai Weiss
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Group chart



Management's review

Financial highlights for the Group

DKK	2016	2015	2014
Key figures			
Gross margin	23,643,667	21,583,257	20,136,596
Operating profit/loss	4,124,926	3,790,830	3,326,425
Profit/loss for the year	**4,216,768**	**3,763,923**	**2,687,651**
Non-current assets	873,012	609,627	390,599
Current assets	9,875,385	9,494,819	8,582,839
Total assets	**10,748,397**	**10,104,446**	**8,973,438**
Investment in property, plant and equipment	641,637	342,042	13,897
Equity	**7,417,270**	**5,971,502**	**3,440,580**
Financial ratios			
Current ratio	296.5%	229.7%	0.0%
Solvency ratio	69.0%	59.1%	38.3%
Return on equity	63.0%	80.0%	99.0%
Average number of employees	43	34	30

Financial ratios are calculated in accordance with the Danish Finance Society's recommendations on the calculation of financial ratios "Recommendations and Financial Ratios 2015". For terms and definitions, please see the accounting policies.

The financial statements for 2015 reflected for the first time the consolidated operations in the group.

Management's review

Management commentary

Business review

The Company is principally engaged in delivery of technology consulting and services within Microsoft Dynamics 365 worldwide.

Financial review

In 2016, a-solutions maintained its strategy focus. The year was marked by a number of milestones:

- a-solutions Middle East and especially Africa operations grew in terms of customers and employees, thereby fulfilling the expectations.
- a-solutions established operations in both East Africa (Nairobi, Kenya) and West Africa (Lagos, Nigeria). Since then, three implementation deals corresponding to a revenue of DKK 20 million have been closed. For this reason, a-solutions is now investing in building organizations in both markets and expects at the end of 2017 to employ between 10-15 people in these markets.
- a-solutions' global delivery function was extended in 2016 with a nearshoring center in Skopje, Macedonia. This to ensure that a-solutions continuously delivers seamless high quality services based on the same set of values at competitive prices to globally operating clients. This means that at the end of 2016 a-solutions has five delivery centers (Copenhagen, Dubai, Vilnius, Skopje and Lagos).
- Finally, the strategy of the five focus verticals has not changed. The verticals are supported by a focused delivery organization and sales organization.

a-solutions continuously strives to invest in growth and at the same time being loyal to the cornerstones of the Company. A key cornerstone is ensuring strong delivery capabilities to globally operating companies no matter where their operations are. Employees from 12 different countries speaking 20 different languages are now supporting this. Accordingly, the role of a-solutions Group HR function is increasing. The function has therefore been strengthened with a Head of People & Culture.

a-solutions is focusing on delivering complex cross-border implementations of Dynamics 365 for demanding globally operating companies. The size of the companies choosing AX as their ERP platform continues to increase, which is in line with Microsoft's positioning of the Dynamics 365 application. The standard elements in the a-solutions implementations are extensive and are built around interfaces to other applications.

The general trend we see in the market place is that business is stable with a down-going trend in the Middle East but an up-going trend in Africa, whereas the Danish market seems mature.

The financial statements for 2016 reflect the consolidated operations in the group.

Management considers that on an overall basis, the financial development of the Company has been satisfactory in 2016.

During the year, it was established that other investments in treasury shares have been incorrectly recognised as an asset, which impacts the Company's previous annual reports.

Reference is made to note 1 for more details.

Management's review

Management commentary

Events after the balance sheet date

No events materially affecting the Group's and the Company's financial position have occurred subsequent to the financial year-end.

At the annual general meeting, a bonus share issue to increase the share capital by DKK 50 thousand is expected to be adopted.

Outlook

a-solutions will continue to invest in a sustainable healthy growth, keeping the focus on the current strategy. It is expected that the growth in 2017 will result in higher activity but a flat EBIT compared to 2016.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Income statement

Note	DKK	Group 2016	Group 2015	Parent company 2016	Parent company 2015
	Gross margin	23,643,667	21,583,257	6,197,286	9,259,427
3	Staff costs	-19,346,010	-17,745,210	-6,361,515	-8,177,362
4	Depreciation and impairment of property, plant and equipment	-110,898	-47,217	-32,500	-24,414
	Other operating expenses	-61,833	0	0	0
	Profit/loss before net financials	4,124,926	3,790,830	-196,729	1,057,651
	Income from investments in group enterprises	0	0	4,355,496	2,825,162
5	Financial income	961,345	1,447,132	271,633	652,095
6	Financial expenses	-908,306	-1,194,313	-252,440	-491,259
	Profit before tax	4,177,965	4,043,649	4,177,960	4,043,649
7	Tax for the year	38,803	-279,726	38,808	-279,726
	Profit for the year	4,216,768	3,763,923	4,216,768	3,763,923
	Recommended appropriation of profit				
	Proposed dividend recognised under equity			1,400,000	6,175,000
	Net revaluation reserve according to the equity method			-1,644,504	1,307,162
	Retained earnings/accumulated loss			4,461,272	-3,718,239
				4,216,768	3,763,923

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	Group 2016	Group 2015	Parent company 2016	Parent company 2015
	ASSETS				
	Non-current assets				
8	**Property, plant and equipment**				
	Fixtures and fittings, other plant and equipment	709,914	441,405	89,664	122,164
		709,914	441,405	89,664	122,164
9	**Financial assets**				
	Investments in group enterprises	0	0	7,810,344	3,144,463
	Deposits, investments	86,017	98,291	44,955	50,955
	Deferred tax assets	77,081	69,931	77,081	69,931
		163,098	168,222	7,932,380	3,265,349
	Total non-current assets	873,012	609,627	8,022,044	3,387,513
	Current assets				
	Receivables				
	Trade receivables	5,977,255	6,791,346	2,526,736	4,985,019
	Construction contracts	0	553,856	0	553,856
	Receivables from group enterprises	0	0	658,058	174,550
	Dividend receivable from group enterprises	0	0	2,000,000	2,000,000
	Corporation tax receivable	329,658	0	329,658	0
	Other receivables	222,801	661,662	27,551	45,938
	Prepayments	1,020,238	546,086	85,710	45,209
		7,549,952	8,552,950	5,627,713	7,804,572
	Cash	2,325,433	941,869	1,750,562	812,841
	Total Current assets	9,875,385	9,494,819	7,378,275	8,617,413
	TOTAL ASSETS	10,748,397	10,104,446	15,400,319	12,004,926

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Balance sheet

		Group		Parent company	
Note	DKK	2016	2015	2016	2015
	EQUITY AND LIABILITIES				
	Equity				
10	Share capital	500,000	500,000	500,000	500,000
	Net revaluation reserve according to the equity method	0	0	477,223	3,019,462
	Other reserves	0	0	0	0
	Retained earnings	5,517,270	-703,498	5,040,047	-3,722,960
	Dividend proposed	1,400,000	6,175,000	1,400,000	6,175,000
	Total equity	7,417,270	5,971,502	7,417,270	5,971,502
	Current liabilities				
	Bank debt	6,225	0	6,225	48,686
	Construction contracts	335,518	0	100,080	0
	Trade payables	545,730	716,087	313,303	526,780
	Payables to group enterprises	222,709	0	6,496,774	2,710,722
	Corporation tax payable	0	222,704	0	222,704
	Payables to shareholders and management	86,386	71,016	86,386	71,016
	Other payables	2,128,319	3,017,919	974,041	2,348,298
	Deferred income	6,240	105,218	6,240	105,218
	Total current liabilities	3,331,127	4,132,944	7,983,049	6,033,424
	Total liabilities	3,331,127	4,132,944	7,983,049	6,033,424
	TOTAL EQUITY AND LIABILITIES	10,748,397	10,104,446	15,400,319	12,004,926

1 Accounting policies
2 Events after the balance sheet date
12 Contractual obligations and contingencies, etc.
13 Collateral

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Statement of changes in equity

	Group				
DKK	Share capital	Other reserves	Retained earnings	Dividend proposed	Total
Equity at 1 January 2015	500,000	3,550,000	2,140,579	800,000	6,990,579
Adjustment of equity through corrections of errors	0	-3,550,000	0	0	-3,550,000
Adjusted equity at 1 January 2015	500,000	0	2,140,579	800,000	3,440,579
Transfer through appropriation of profit	0	0	-2,411,077	6,175,000	3,763,923
Purchase of treasury shares	0	0	-725,000	0	-725,000
Sale of treasury shares	0	0	100,000	0	100,000
Dividend	0	0	0	-800,000	-800,000
Dividend, treasury shares	0	0	192,000	0	192,000
Equity at 1 January 2016	500,000	0	-703,498	6,175,000	5,971,502
Transfer through appropriation of profit	0	0	2,816,768	1,400,000	4,216,768
Purchase of treasury shares	0	0	-880,000	0	-880,000
Sale of treasury shares	0	0	4,175,000	0	4,175,000
Dividend	0	0	0	-6,175,000	-6,175,000
Dividend, treasury shares	0	0	109,000	0	109,000
Equity at 31 December 2016	500,000	0	5,517,270	1,400,000	7,417,270

	Parent company					
DKK	Share capital	Net revaluation reserve according to the equity method	Other reserves	Retained earnings	Dividend proposed	Total
Equity at 1 January 2015	500,000	1,712,300	3,550,000	428,279	800,000	6,990,579
Adjustment of equity through corrections of errors	0	0	-3,550,000	0	0	-3,550,000
Adjusted equity at 1 January 2015	500,000	1,712,300	0	428,279	800,000	3,440,579
Transfer through appropriation of profit	0	1,307,162	0	-3,718,239	6,175,000	3,763,923
Purchase of treasury shares	0	0	0	-725,000	0	-725,000
Sale of treasury shares	0	0	0	100,000	0	100,000
Dividend	0	0	0	0	-800,000	-800,000
Dividend, treasury shares	0	0	0	192,000	0	192,000
Equity at 1 January 2016	500,000	3,019,462	0	-3,722,960	6,175,000	5,971,502
Transfer through appropriation of profit	0	-1,644,504	0	4,461,272	1,400,000	4,216,768
Other value adjustments of equity	0	-897,735	0	897,735	0	0
Purchase of treasury shares	0	0	0	-880,000	0	-880,000
Sale of treasury shares	0	0	0	4,175,000	0	4,175,000
Dividend	0	0	0	0	-6,175,000	-6,175,000
Dividend, treasury shares	0	0	0	109,000	0	109,000
Equity at 31 December 2016	500,000	477,223	0	5,040,047	1,400,000	7,417,270

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of a-solutions A/S for 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Changes to presentation and disclosures only

Effective 1 January 2016, the Company has implemented act no. 738 of 1 June 2015 with amendments to the Danish Financial Statements Act. As the implementation of the amendment act has no impact in terms of value on the income statement or the balance sheet in the financial year, nor on the comparative figures, the financial statements have been prepared based on the same accounting policies as last year.

The amendment act has solely implied new or changed presentation and disclosure requirements, which have been incorporated in the financial statements.

Material misstatements

During the year, it was established that other investments in treasury shares have been incorrectly recognised as an asset, which impacts the Company's previous annual reports. As a result, the Company's other investments and equity in prior financial years are recognised at too high amounts, and the financial statements for 2015 do not give a true and fair view. Therefore, the error has been corrected as a material misstatement by restating comparatives and opening equity figures in the current-year financial statements. In consequence of the restatement, other investments for 2015 have been adversely affected by DKK 4,175,000, and retained earnings at 31 December 2015 have been adversely affected by DKK 4,175,000. In total, the balance sheet total at 31 December 2015 has been adversely affected by DKK 4,175,000, and equity has been adversely affected by DKK 4,175,000. The opening equity at 1 January 2016 has been adversely affected by DKK 4,175,000.

The key figures for 2014 and 2015 have been restated with the effect of the correction of material misstatements.

The accounting policy for treasury shares has been corrected accordingly.

Consolidation

The consolidated financial statements comprise the parent company, a-solutions A/S, and subsidiaries in which a-solutions A/S - directly or indirectly - holds more than 50% of the voting rights or otherwise has a controlling interest. Entities in which the Group holds between 20% and 50% of the voting rights and over which it exercises significant influence, but which it does not control, are considered associates.

The existence and impact of potential voting rights that are actually exercisable or convertible are taken into account when assessing whether control exists.

The consolidated financial statements have been prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, which are prepared according to the Group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains in so far as they do not reflect impairment.

Entities acquired or formed are recognised in the consolidated financial statements from the date of acquisition or formation. Entities sold or otherwise disposed of are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated for acquisitions or disposals.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

Corporate acquisitions are accounted for using the purchase method, according to which the acquired entity's identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. Restructuring costs recognised in the acquired entity before the date of acquisition and not agreed as part of the acquisition are part of the acquisition balance sheet and, hence, the calculation of goodwill. Restructuring costs decided by the acquiring entity must be recognised in the income statement. Allowance is made for the tax effect of revaluations made. Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill) is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset. Negative differences (negative goodwill) are recognised as income in the income statement at the time of acquisition when the general revenue recognition criteria are met. Goodwill and negative goodwill from acquired entities can be adjusted until 12 months after the year of acquisition.

Entities over which the Group has significant influence are considered associates. The Group is considered to have significant influence when it directly or indirectly holds between 20% and 50% of the voting rights or otherwise has or actually exercises significant influence. Associates are recognised in the consolidated financial statements at their net asset value.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Foreign group entities

Foreign subsidiaries are considered separate entities. Items in such entities' income statements are translated at an average exchange rate for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Leases

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Revenue

Income from the sale of licences is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received.

Income from the rendering of services is recognised as revenue as the services are rendered. Accordingly, revenue corresponds to the market value of the services rendered during the year (percentage-of-completion method).

Income from contract work is recognised as revenue at the time of delivery and the transfer of the risk to the buyer.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross margin

The items revenue, change in inventories of finished goods and work in progress, work performed for own account and capitalised, other operating income and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of non-current assets.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Fixtures and fittings, other plant and equipment	3-5 years

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Income from investments in group entities

The item includes the Company's proportionate share of the profit/loss for the year in subsidiaries after elimination of intra-group income or losses and net of amortisation and impairment of goodwill and other excess values at the time of acquisition.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that concern the financial year. Net financials include interest income and expenses, exchange gains and losses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Investments in subsidiaries

On initial recognition, investments in subsidiaries are measured at cost and subsequently at the proportionate share of the entities' net asset values calculated in accordance with the parent company's accounting policies minus or plus any residual value of positive or negative goodwill calculated in accordance with the purchase method of accounting. Subsidiaries with a negative net asset value are measured at DKK 0 (nil), and any amounts owed by such entities are written down by the parent company's share of the net asset value if the amount owed is deemed irrecoverable. If the negative net asset value exceeds the amounts owed, the remaining amount is recognised under provisions if the parent company has a legal or a constructive obligation to cover the entity's deficit. Net revaluations of investments in subsidiaries are transferred to the net revaluation reserve according to the equity method where the carrying amount exceeds the acquisition cost.

Newly acquired or formed entities are recognised in the financial statements from the date of acquisition or formation. Entities sold or otherwise disposed of are recognised up to the date of disposal.

Corporate acquisitions are accounted for using the purchase method according to which the acquired entity's identifiable assets and liabilities are measured at fair value at the date of acquisition. In connection with the acquisition, a provision is made for expenses related to adopted plans to restructure the acquired entity. The tax effect of revaluations made is taken into account.

Gains or losses on disposal of subsidiaries and associates are made up as the difference between the sales price and the carrying amount of net assets at the date of disposal including non-amortised goodwill and anticipated costs of disposal. Gains or losses are recognised in the income statement as financial income or financial expenses.

Impairment of non-current assets

The carrying amount of property, plant and equipment is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Construction contracts

Contract work in progress for third parties is measured at the market value of the work performed less progress billings. The market value is calculated based on the stage of completion at the balance sheet date and the total expected income from the relevant contract. The stage of completion is calculated based on the expenses incurred relative to the expected total expenses relating to the relevant contract.

Where the outcome of contract work in progress cannot be estimated reliably, the market value is measured at the expenses incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Equity

Treasury shares

Purchases and sales of treasury shares are taken directly to equity under "Retained earnings".

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

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Notes to the financial statements

1 Accounting policies (continued)

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Other payables

Other payables are measured at net realisable value.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios stated under "Financial highlights" have been calculated as follows:

Current ratio	$\frac{\text{Current assets x 100}}{\text{Current liabilities}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax x 100}}{\text{Average equity}}$

2 Events after the balance sheet date

At the annual general meeting, a bonus share issue to increase the share capital by DKK 50 thousand is expected to be adopted.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

	DKK	Group 2016	Group 2015	Parent company 2016	Parent company 2015
3	**Staff costs**				
	Wages/salaries	18,924,450	17,152,120	5,939,955	7,584,272
	Pensions	342,334	516,892	342,334	516,892
	Other social security costs	79,226	76,198	79,226	76,198
		19,346,010	17,745,210	6,361,515	8,177,362
	Average number of full-time employees	43	34	12	12
4	**Depreciation of property, plant and equipment**				
	Depreciation of property, plant and equipment	110,898	47,217	32,500	24,414
		110,898	47,217	32,500	24,414
5	**Financial income**				
	Other interest income	21	39	0	39
	Exchange gains	961,324	1,447,093	271,633	652,056
		961,345	1,447,132	271,633	652,095
6	**Financial expenses**				
	Other interest expenses	6,030	24,149	6,030	24,149
	Exchange losses	902,276	1,170,164	246,410	467,110
		908,306	1,194,313	252,440	491,259
7	**Tax for the year**				
	Estimated tax charge for the year	-31,653	222,704	-31,658	222,704
	Deferred tax adjustments in the year	-7,150	117,054	-7,150	117,054
	Tax adjustments, prior years	0	-60,032	0	-60,032
		-38,803	279,726	-38,808	279,726

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

8 Property, plant and equipment

DKK	Group Fixtures and fittings, other plant and equipment
Cost at 1 January 2016	1,052,793
Additions	641,637
Disposals	-342,042
Cost at 31 December 2016	1,352,388
Impairment losses and depreciation at 1 January 2016	611,388
Depreciation	110,898
Reversal of accumulated depreciation and impairment of assets disposed	-79,812
Impairment losses and depreciation at 31 December 2016	642,474
Carrying amount at 31 December 2016	709,914

DKK	Parent company Fixtures and fittings, other plant and equipment
Cost at 1 January 2016	710,750
Cost at 31 December 2016	710,750
Impairment losses and depreciation at 1 January 2016	588,586
Depreciation	32,500
Impairment losses and depreciation at 31 December 2016	621,086
Carrying amount at 31 December 2016	89,664

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

9 Investments

DKK	Group Deposits, investments
Cost at 1 January 2016	98,291
Disposals	-12,274
Cost at 31 December 2016	86,017
Carrying amount at 31 December 2016	86,017

DKK	Parent company Investments in group enterprises	Deposits, investments	Total
Cost at 1 January 2016	1,373,404	50,955	1,424,359
Disposals	0	-6,000	-6,000
Cost at 31 December 2016	1,373,404	44,955	1,418,359
Value adjustments at 1 January 2016	1,771,059	0	1,771,059
Profit/loss for the year	4,355,496	0	4,355,496
Value adjustments for the year	310,385	0	310,385
Value adjustments at 31 December 2016	6,436,940	0	6,436,940
Carrying amount at 31 December 2016	7,810,344	44,955	7,855,299

Parent company

Name	Legal form	Domicile	Interest
Subsidiaries			
A-Solutions DMCC	DMCC	United Arab Emirates	100 %
A-Solutions UAB	UAB	Lithuania	100 %
Navisoft ApS	ApS	Denmark	100 %
AX Solutions East Africa Limited	Limited	Kenya	100 %
a-solutions West Africa Limited	Limited	Nigeria	99 %

DKK	Parent company 2016	2015
10 Share capital		
Analysis of the share capital:		
500 shares of DKK 1,000.00 nominal value each	500,000	500,000
	500,000	500,000

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

11 Treasury shares

Group

Treasury shares in the group

	Number	Nominal value	Share of capital
		DKK	
Treasury shares at 31 December 2016	27	27,255	5.45%

Parent company

	Number	Nominal value	Share of capital	Purchase/ sales sum
		DKK		DKK
Balance at 1 January 2016	133	133,088	26.62%	
Purchased in the year	20	20,000	4.00%	880,000
Sold in the year	-126	-125,833	-25.17%	-4,175,000
Balance at 31 December 2016	27	27,255	5.45%	

In accordance with a resolution passed at the general meeting of shareholders on 19 April 2016, the Company can acquire treasury shares at a maximum nominal value of 10% of the share capital until 18 April 2021. Treasury shares are acquired, among other reasons, to be used in the incentive plan intended for members of the Executive Board and other executive officers.

12 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

	Group		Parent company	
DKK	2016	2015	2016	2015
Rent and lease liabilities	56,625	144,765	56,625	144,765

Parent company

The Company is jointly taxed with its parent, Al Mahra Holding ApS, which acts as management company, and other Danish group entities. The Company has limited and alternative liability together with other jointly taxed group entities for payment of Danish income taxes and withholding taxes on dividends, interests and royalties in the group of jointly taxed entities.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

13 Collateral

Group

A company charge of DKK 4,000,000, secured on Group trade receivables, inventories, fixtures and fittings, other plant and equipment and intangible assets, has been provided in respect of a-solutions A/S' debt to Danske Bank A/S.

Parent company

A company charge of DKK 4,000,000, secured on the Company's trade receivables, inventories, fixtures and fittings, other plant and equipment and intangible assets, has been provided in respect of the Company's debt to Danske Bank A/S.