

## **MB it-Consulting A/S**

Adelgade 61

8660 Skanderborg

Central Business Registration No

27230199

## **Annual report 2016**

The Annual General Meeting adopted the annual report on

### **Chairman of the General Meeting**

---

Name: Morten Bjerregaard

# Contents

	<b><u>Page</u></b>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's reports	3
Management commentary	5
Income statement for 2016	6
Balance sheet at 31.12.2016	7
Statement of changes in equity for 2016	9
Notes	10
Accounting policies	12

## Entity details

### Entity

MB it-Consulting A/S  
Adelgade 61  
8660 Skanderborg

Central Business Registration No: 27230199  
Registered in: Skanderborg  
Financial year: 01.01.2016 - 31.12.2016

### Board of Directors

Henrik Puggaard, Chairman  
Morten Bjerregaard  
Martin Christian Kruhl

### Executive Board

Morten Bjerregaard

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
City Tower, Værkmestergade 2  
8000 Aarhus C

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of MB it-Consulting A/S for the financial year 01.01.2016 - 31.12.2016.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Skanderborg, 31.05.2017

### Executive Board

Morten Bjerregaard

### Board of Directors

Henrik Puggaard  
Chairman

Morten Bjerregaard

Martin Christian Kruhl

## Independent auditor's reports

### To the shareholders of MB it-Consulting A/S

#### Report on extended review of the financial statements

We have performed an extended review of the financial statements of MB it-Consulting A/S for the financial year 01.01.2016 - 31.12.2016. The financial statements, which comprise the income statement, balance sheet, statement of changes in equity, notes and accounting policies, are prepared in accordance with the Danish Financial Statements Act.

#### Management's responsibility for the financial statements

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

#### Auditor's responsibility

Our responsibility is to express an opinion on the financial statements. We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors.

This requires that we comply with the Danish Public Accountants Act and FSR – Danish Auditors' Code of Conduct and plan and perform procedures to obtain limited assurance about our opinion on the financial statements and that we perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our opinion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity personnel, performing analytical procedures and specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

#### Conclusion

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

#### Statement on the management commentary

Management is responsible for the management commentary.

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

## Independent auditor's reports

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

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

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

Aarhus, 31.05.2017

### **Deloitte**

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

Klaus Tvede-Jensen

State Authorised Public Accountant

## Management commentary

### Primary activities

MB it-Consulting A/S is a leading Danish consulting firm in the area of HCM process consultancy and implementations in SAP HCM/SuccessFactors.

### Development in activities and finances

Net income showed a shortfall of DKK 1,032 thousand, which is considered unsatisfactory.

Equity was negative by DKK 500 thousand, and thus the Company has lost its share capital. The share capital is expected to be reestablished through future earnings from the current operations.

In the financial year 2016, the Company sold its activities to a third party. Thus, activities consist of earn-out from the divestment of activities.

### Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

## Income statement for 2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
Revenue		2,556,488	22,083,002
Other operating income		1,500,000	0
Other external expenses		<u>(1,798,115)</u>	<u>(8,928,319)</u>
<b>Gross profit/loss</b>		<b>2,258,373</b>	<b>13,154,683</b>
Staff costs	1	(3,549,858)	(13,414,697)
Depreciation, amortisation and impairment losses		<u>(27,239)</u>	<u>(1,656,729)</u>
<b>Operating profit/loss</b>		<b>(1,318,724)</b>	<b>(1,916,743)</b>
Income from investments in group enterprises		0	(394,046)
Other financial income		80,956	111,662
Other financial expenses		<u>(81,624)</u>	<u>(1,883,760)</u>
<b>Profit/loss before tax</b>		<b>(1,319,392)</b>	<b>(4,082,887)</b>
Tax on profit/loss for the year	2	<u>287,000</u>	<u>536,261</u>
<b>Profit/loss for the year</b>		<b>(1,032,392)</b>	<b>(3,546,626)</b>
<b>Proposed distribution of profit/loss</b>			
Retained earnings		<u>(1,032,392)</u>	<u>(3,546,626)</u>
		<b>(1,032,392)</b>	<b>(3,546,626)</b>



## Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
Leasehold improvements		75,898	103,137
<b>Property, plant and equipment</b>	3	<b>75,898</b>	<b>103,137</b>
Investments in group enterprises		0	0
Other receivables		17,113	116,250
<b>Fixed asset investments</b>	4	<b>17,113</b>	<b>116,250</b>
<b>Fixed assets</b>		<b>93,011</b>	<b>219,387</b>
Trade receivables		1,141,129	4,410,640
Receivables from group enterprises		1,077,919	1,192,321
Deferred tax	5	326,000	39,000
Other receivables		46,813	525
Prepayments		0	10,779
<b>Receivables</b>		<b>2,591,861</b>	<b>5,653,265</b>
<b>Cash</b>		<b>713</b>	<b>35,902</b>
<b>Current assets</b>		<b>2,592,574</b>	<b>5,689,167</b>
<b>Assets</b>		<b>2,685,585</b>	<b>5,908,554</b>

## Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016</u> <u>DKK</u>	<u>2015</u> <u>DKK</u>
Contributed capital		695,000	695,000
Retained earnings		<u>(1,194,793)</u>	<u>(162,401)</u>
<b>Equity</b>		<b><u>(499,793)</u></b>	<b><u>532,599</u></b>
Bank loans		2,930,381	2,575,931
Trade payables		82,000	0
Other payables		<u>172,997</u>	<u>2,800,024</u>
<b>Current liabilities other than provisions</b>		<b><u>3,185,378</u></b>	<b><u>5,375,955</u></b>
<b>Liabilities other than provisions</b>		<b><u>3,185,378</u></b>	<b><u>5,375,955</u></b>
<b>Equity and liabilities</b>		<b><u>2,685,585</u></b>	<b><u>5,908,554</u></b>
Contingent liabilities	6		

## Statement of changes in equity for 2016

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Total DKK</b>
Equity beginning of year	695,000	(162,401)	532,599
Profit/loss for the year	0	(1,032,392)	(1,032,392)
<b>Equity end of year</b>	<b>695,000</b>	<b>(1,194,793)</b>	<b>(499,793)</b>

## Notes

	<b>2016</b>	<b>2015</b>
	<b>DKK</b>	<b>DKK</b>
<b>1. Staff costs</b>		
Wages and salaries	2,977,460	11,752,973
Pension costs	193,541	895,627
Other social security costs	378,857	766,097
	<b>3,549,858</b>	<b>13,414,697</b>
Average number of employees	<b>2</b>	<b>10</b>
	<b>2016</b>	<b>2015</b>
	<b>DKK</b>	<b>DKK</b>
<b>2. Tax on profit/loss for the year</b>		
Change in deferred tax for the year	(287,000)	(449,000)
Adjustment concerning previous years	0	(87,261)
	<b>(287,000)</b>	<b>(536,261)</b>
		<b>Leasehold improve- ments DKK</b>
<b>3. Property, plant and equipment</b>		
Cost beginning of year		415,835
<b>Cost end of year</b>		<b>415,835</b>
Depreciation and impairment losses beginning of the year		(312,698)
Depreciation for the year		(27,239)
<b>Depreciation and impairment losses end of the year</b>		<b>(339,937)</b>
<b>Carrying amount end of year</b>		<b>75,898</b>

## Notes

	<b>Investment s in group enterprises DKK</b>	<b>Other receivables DKK</b>
<b>4. Fixed asset investments</b>		
Cost beginning of year	890,797	116,250
Additions	0	11,550
Disposals	(890,797)	(110,687)
<b>Cost end of year</b>	<b>0</b>	<b>17,113</b>
Revaluations beginning of year	(890,797)	0
Disposals on divestments etc	890,797	0
<b>Revaluations end of year</b>	<b>0</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>0</b>	<b>17,113</b>
	<b>2016 DKK</b>	<b>2015 DKK</b>
<b>5. Deferred tax</b>		
Fixed asset investments	326,000	39,000
	<b>326,000</b>	<b>39,000</b>

### 6. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which M. Bjerregaard Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from 1 July 2012 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

## Accounting policies

### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C, with a few reclassifications though.

The accounting policies applied for these financial statements are consistent with those applied last year, with a few classifications though.

### Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

### Income statement

#### Revenue

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

## Accounting policies

### Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income and gains from the sale of intangible assets and property, plant and equipment.

### Other external expenses

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

### Staff costs

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

### Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment.

### Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

### Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

### Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

## Accounting policies

### Balance sheet

#### Property, plant and equipment

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools, equipment and leasehold improvements	5 years
--	---------

Estimated useful lives and residual values are reassessed annually.

Items of plant and equipment are written down to the lower of recoverable amount and carrying amount.

#### Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised intra-group profits or losses.

Group enterprises with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

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

#### Receivables

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

#### Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.



## Accounting policies

### Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

### Cash

Cash comprises bank deposits.

### Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.