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**ALFAPEOPLE APS**

**ANNUAL REPORT**

**2016**

**The Annual Report has been presented and adopted  
at the Company's Annual General Meeting  
on 10 July 2017**



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Michael Gaardboe

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**COMPANY DETAILS**

<b>Company</b>	AlfaPeople ApS c/o Michael Gaardboe Gammel Strandvej 209 3060 Espergærde Denmark
	CVR No. 28 86 92 74 Established 1 July 2005 Registered Office Helsingør Financial Year 1 January - 31 December
<b>Board of Directors</b>	Michael Gaardboe
<b>Auditor</b>	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 DK-1561 Copenhagen V
<b>Bank</b>	Nordea
<b>Subsidiary companies</b>	AlfaPeople Europe ApS AlfaPeople Andino S.A., Colombia AlfaPeople Mexico S.A. DE. C.V., Mexico AlfaPeople Centroamerica S.A., Costa Rica AlfaPeople Inc., New York, USA
<b>Associated company</b>	Zman Partipacoes, Brazil

## STATEMENT BY BOARD OF DIRECTORS

Today the Board of Directors have discussed and approved the Annual Report of AlfaPeople ApS for the year 1 January - 31 December 2016.

The Annual Report is presented 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 Group's and the Company's financial position at 31 December 2016 and of the results of the Groups and the Company's operations and cash flows for the financial year 1 January - 31 December 2016.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the review.

We recommend the Annual Report be approved at the Annual General Meeting.

Copenhagen, on 10 July 2017

Board of Directors:



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Michael Garsdbye

## INDEPENDENT AUDITOR'S REPORT

*To the shareholders of AlfaPeople ApS*

### REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AND PARENT COMPANY FINANCIAL STATEMENTS

#### Opinion

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of AlfaPeople ApS for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows for the Group. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared under 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 operations as well as the consolidated cash flows of the Group 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 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 Company or to cease operations, or has no realistic alternative but to do so.

#### Auditor's Responsibilities for 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.

## INDEPENDENT AUDITOR'S REPORT

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

- 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 conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the 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 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.

### Statement on Management's Review

Management is responsible for Management's Review.

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

In connection with our audit of the Consolidated Financial Statements and the Parent Company Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

**INDEPENDENT AUDITOR'S REPORT**

Based on the work we have performed, we conclude that 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 Statements Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 10 July 2017

BDO Statsautoriseret revisionsaktieselskab  
CVR-no. 20 22 26 70

  
Jens Haugbyrd  
State Authorised Public Accountant

  
Michael Søby  
State Authorised Public Accountant

**KEY FIGURES AND RATIOS OF THE GROUP**

	2016 DKK '000	2015 DKK '000	2014 DKK '000	2013 DKK '000	2012 DKK '000
<b>Income statement</b>					
Net revenue .....	287.807	236.068	193.182	153.454	150.208
Operating profit/loss before depreciation/EBITDA .....	31.545	11.847	16.398	-856	-243
Operating profit/loss .....	28.899	9.230	14.184	-1.346	-1.525
Financial income and expenses, net.....	674	4.085	2.293	1.431	2.913
Profit/loss for the year (parent company) .....	14.285	3.810	7.708	468	1.585
<b>Balance sheet</b>					
Balance sheet total .....	202.882	181.439	157.010	149.339	131.898
Equity inclusive minorities .....	133.710	115.465	108.439	96.613	98.522
<b>Ratios</b>					
Return on equity (ex. minorities) .....	12,70%	3,63%	7,80%	0,50%	1,42%
Profit margin.....	10,04%	3,90%	7,34%	-0,88%	-1,02%
<b>Solvency ratio</b>					
Solvency ratio (ex. minorities) .....	58,73%	58,34%	66,44%	62,48%	70,16%

The ratios follow in all material respects the recommendations of the Danish Association of Financial Analysts. Reference is made to the definitions and concepts in the accounting policies.



## MANAGEMENT'S REVIEW

### Main activities

The groups' main activities consist primarily of consulting services, software development and sales of standard Microsoft ERP and CRM software to a customer base consisting predominantly of enterprise or international organizations.

### Development in activities and financial position

2016 was another good year for AlfaPeople ApS with high activity. Revenue increased from t.DKK 236.068 in 2015 to t.DKK 287.807, an increase of 22% organic growth. All 3 markets, Europe, USA and LATAM were profitable and the consolidated EBITDA of t.DKK 31.545 was above our budget expectations.

Besides significantly improving our financial performance, we also achieved significant progress with our strategic projects and business development. Our focused strategy providing front office ERP and CRM solutions to larger, mostly international, enterprise clients works well. The increased recognition from the market as well as Microsoft, allows for expectations of future international growth in both revenue and earnings for 2018.

### Europe

2016 was in many ways another record year for AlfaPeople Nordic with significant growth in revenue and earnings in Denmark. On top of that, Denmark contributed significantly to the rest of Europe in both operations and business development. The growth was significant and 2017 will focus on maintaining earnings while preparing the organization for 2018 growth.

UK and Germany had some challenges and changes to the organization were applied. Both markets are now experiencing a very positive development trend.

AlfaPeople Switzerland had a solid, stable and profitable year.

AlfaPeople has continued to acquire shares from a few minority shareholders and former employees in Europe.

### USA

2016 was a year with growth and positive earnings, but more importantly, the year when our enterprise focused strategy for front office/retail solution proved its full value. AlfaPeople USA closed 2016 with a record order book, the largest of all business units. 2017 requires a significant expansion of the organization and will show high growth in revenue and earnings, but will also allow investments in marketing and sales to support future growth.

## **MANAGEMENT'S REVIEW**

### **Latin America**

2016 was the first full year after the integration of the Microsoft Dynamics division acquired from Protab in Chile. All integration objectives have been achieved, as well as the budget goals. AlfaPeople Chile is now the largest Microsoft Dynamics Partner in Chile and recognized by Microsoft with the "Latam Partner of the Year" award.

Colombia and Costa Rica both had another good year and over-performed budgets. Both markets achieved most business development objectives and maintained their position as the largest Microsoft Dynamics Partner in their markets.

AlfaPeople Brazil is an associated entity with AlfaPeople ApS holding 20% of the shares. The Brazilian economy is challenging and IT investments are still at a lower level than before. AlfaPeople Brazil has not only maintained the position as the largest Microsoft Dynamics Partner in Brazil. It also achieved growth and a satisfying positive result and is able to do some self-funded investments and further business development in 2017.

### **Special risks**

It is essential to monitor and manage risks relating to the current estimated earnings, liquidity and to adjust to activity and market.

### **General risks and adopted policies**

The group's subsidiaries report monthly for the follow-up of operations and liquidity as well as for developments in the market and customer base.

### **Financial risks**

The Group's international operations in Europe and South America cause an impact on income and equity by various financial risks of both a cyclical and a monetary character. It is the group's policy to reduce such risks as necessary. The monetary risks are mainly related to the markets in England, Switzerland and South America.

There are no significant interest risks.

### **External environment**

It is the aim and policy of the group to protect the external environment. The group's area of activity does not result in any significant environmental impact.

### **Knowledge resources**

The group's knowledge resources are essential for growth and future earnings. We invest regularly in staff resources with specialized knowledge and ensure development through strategic conferences and courses.

### **Development activities**

There is an ongoing development of the group's product areas with a view to being in front in relation to demand, as well as being a popular and qualified partner.

### **Significant events after the end of the financial year**

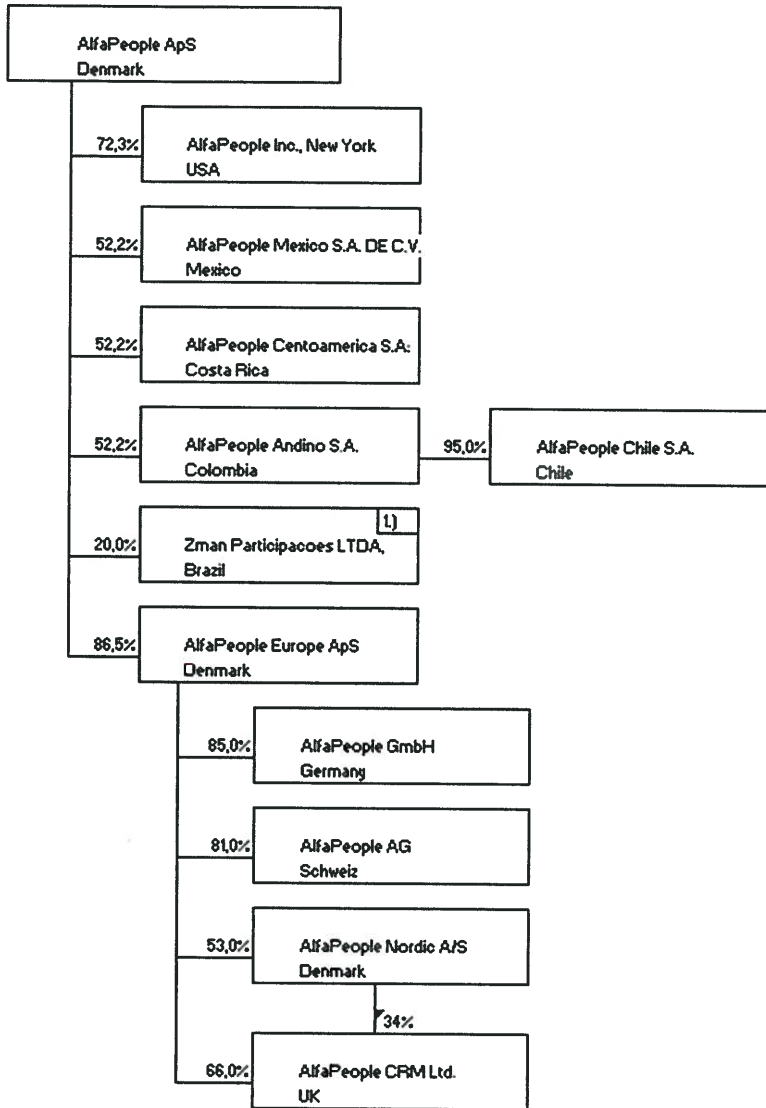
No events have occurred after the end of the financial year of material importance for the company's financial position.

**MANAGEMENT'S REVIEW****Own Shares**

The parent company does not own any own shares. The Group parts of own shares is:

	2016	2015
AlfaPeople Europe, 67,5 shares of DKK 1.000.....	67.500	67.500
AlfaPeople Nordic, 206 shares of DKK 1.000 .....	206.036	206.036
AlfaPeople Schweiz 40 shares of CHF 100 .....	4.000	4.000
 The Group parts of own shares in % is:		
AlfaPeople Europe.....	13,5	13,5
AlfaPeople Nordic .....	23,0	23,0
AlfaPeople Schweich.....	4,0	4,0

GROUP STRUCTURE



1.) Associated company, not included in the consolidation, but is recognised at equity value under the equity method.

## ACCOUNTING POLICIES

The annual report of AlfaPeople ApS for 2016 is presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C.

In accordance with the amendment to the Danish Financial Statements Act, the consolidation has changed the treatment of minority interests. The minority interests' interests are therefore treated as part of the profit distribution and included in the Group's equity. The comparative figures for 2015 have been amended accordingly.

Except for the above area, the accounting policies are consistent with the policies applied last year.

### General information on recognition and measurement

Income is recognised in the income statement as and when it is earned, including recognition of value adjustments of financial assets and liabilities. Any costs, including depreciation, amortisation and write-down, are also recognised in the income statement.

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

Liabilities are recognised in the balance sheet when it is likely that future economic benefits will flow from the company and the value of the liability can be measured reliably.

The initial recognition measures assets and liabilities at cost. Subsequently, assets and liabilities are measured as described in the following for each item.

Certain financial assets and liabilities are measured at amortised cost, recognising a constant effective interest over the term. Amortised cost is stated at initial cost less any deductions and with addition/deduction of the accumulated amortisation of the difference between cost and nominal amount.

The recognition and measurement takes into account predictable losses and risks arising before the year-end reporting and which prove or disprove matters that existed at the balance sheet date.

The carrying amount of intangible and tangible fixed assets is reviewed annually to determine if there is any indication of impairment in excess of the amount reflected by normal amortisation or depreciation. If this is the case, write-down should be made to the lower recoverable amount.

### Consolidated financial statements

The consolidated financial statements include the parent company AlfaPeople ApS and its subsidiaries in which AlfaPeople ApS directly or indirectly holds more than 50 % of the voting rights or in any other way has a controlling influence. Enterprises in which the group holds between 20 % and 50 % of the voting rights and exercises significant, but not controlling influence, are considered associates, see the group structure.

The consolidated financial statements consolidate the financial statements of the parent company and the subsidiaries by combining uniform accounts items. Intercompany income and expenses, shareholdings, internal balances and dividend, and realised and unrealised gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.

New acquired or established enterprises are recognised in the consolidated financial statements from the time of acquisition. Sold or wound up enterprises are recognised in the consolidated income statement up to the time of disposal. Comparative figures are not adjusted for new acquired, sold or wound up enterprises.

Investments in subsidiary enterprises are set off by the proportional share of the subsidiaries' market value of net assets and liabilities at the acquisition date.

Positive differences between acquisition value and market value of acquired and identified assets and liabilities, inclusive of provision for liabilities for restructuring, are recognised in intangible fixed assets as goodwill and amortised systematically in the income statement under an individual assessment of the useful life, however, not more than 10 years. Negative differences which correspond to an expected unfavourable development in the enterprises are recognised as negative goodwill under accruals in the balance sheet and recognised in the income statement as and when the unfavourable development is realised.

## ACCOUNTING POLICIES

Investments in associates are measured in the balance sheet at the proportional share of the value of the enterprises, calculated under the accounting policies of the parent company and eliminating proportionally any unrealised intercompany gains and losses. The proportional share of the results of the associates is recognised in the income statement after elimination of the proportional share of internal gains and losses.

### Minority interests

The accounting items of the subsidiaries are recognised in full in the consolidated financial statements. The minority interests' proportional share of the results and equity of the subsidiaries is adjusted annually and stated as profit distribution in the income statement and as part of the equity in the balance sheet.

## INCOME STATEMENT

### Net revenue

Net revenue from sale of services etc. is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

### Administrative expenses

Administrative expenses recognise costs incurred during the year regarding management and administration of the group, inclusive of costs relating to the administrative staff, executives, office premises, office expenses, etc. and related amortisation.

### Other operating income and expenses

Other operating income and expenses include items of a secondary nature in relation to the enterprises' principal activities.

### Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

### Investments in subsidiaries and associates

The income statement of the parent company recognises the proportional share of the results of each subsidiary and associated enterprise after full elimination of intercompany profits/losses and deduction of amortisation of goodwill.

The consolidated income statement and the parent company income statement recognise the proportional share of the results of each associate after elimination of the proportional share of intercompany profits/losses and deduction of amortisation of goodwill.

### Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Interest and other costs of borrowing for financing of manufacture of current assets and fixed assets are not recognised in the cost price.

### Tax on profit for the year

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in equity by the portion that may be attributed to entries directly to the equity.

The company is jointly taxed with Danish group companies. The current corporation tax is distributed between the jointly taxed companies in proportion to their taxable income, and with full distribution with refund regarding taxable losses. The jointly taxed companies are included in the tax-on-account scheme.

## ACCOUNTING POLICIES

### BALANCE SHEET

#### Intangible fixed assets

Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated to be between 5 and 10 years.

Development costs comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the company's development activities and which fulfil the criteria for recognition.

Capitalised development costs are measured at the lower of cost less accumulated amortisation or recoverable amount.

Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. The amortisation period is normally 5 years and does not exceed 10 years.

Intangible fixed assets are generally written down to the lower of recoverable value and carrying amount.

#### Tangible fixed assets

Other plant, fixtures and equipment are measured at cost less accumulated depreciation and write-down.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value as follows:

	Useful life	Residual value
Other plant, fixtures and equipment.....	3-5 years	0-30 % of cost

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised as depreciation in the income statement as other operating income or other operating expenses.

#### Fixed asset investments

Investments in subsidiaries and associates are measured in the parent company balance sheet under the equity method.

Investments in subsidiaries and associates are measured in the balance sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the parent company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill calculated in accordance with the acquisition method.

Net revaluation of investments in subsidiaries and associates is transferred under the equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value. The acquisition method is used on purchase of subsidiaries, see description above under consolidated financial statements.

## ACCOUNTING POLICIES

Subsidiaries and associates with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down by the parent company's share of the negative equity to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds accounts receivable, the residual amount is recognised under provision for liabilities to the extent that the parent company has a legal or actual liability to cover the subsidiary's negative balance.

### **Group companies not recognized in the group annual report**

The group companies, the subsidiaries AlfaPeople Do Brasis Consultoria De Informatica LTDA and Caps CRM Consultoria De Informatica LTDA are excluded from the consolidation as, by agreement, these companies constitute significant and sustained barriers to the exercise of rights over the companies' assets or management. In addition, the fact is that companies have negative equity.

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

### **Receivables**

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by write-down to meet expected losses.

### **Contract work in progress**

Work in progress on contract is measured at the sales value of the work performed. The sales value is measured on the basis of the degree of completion on the balance sheet date and the total anticipated revenue related to the specific piece of work in progress.

The specific piece of work in progress is recognised in the balance sheet as receivables or payables, depending on the net value of the selling price less progress invoicing and progress payments.

Costs relating to sales work and obtaining of contracts are recognised in the income statement as and when they are incurred.

### **Accruals, assets**

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

### **Dividend**

The expected payment of dividend for the year is recognised as a separate item under equity capital.

### **Other provisions for liabilities**

Provisions for deferred tax include liabilities for deferred tax.

When it is likely that the total costs will exceed the total income on the contract work in progress, a provision is made for the total loss that is anticipated for the contract. The provision is recognised as a cost under production costs.



## ACCOUNTING POLICIES

### Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax resulting from changes in tax rates are recognised in the income statement, except from items recognised directly in equity.

### Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the income statement over the term of loan.

Other liabilities which include debt to suppliers, subsidiaries and associates and other debt are measured at amortised cost which usually corresponds to the nominal value.

Accruals recognised as liabilities include payments received regarding income in subsequent years.

### Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

If the foreign exchange position is considered to hedge future cash flows, the unrealised exchange adjustments are recognised directly in the equity.

Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

On recognition of foreign subsidiaries that are not independent entities, but integrated entities, monetary items are translated at the exchange rate on the balance sheet date. The items of the income statement are translated at the average rate for the year.

The income statements of foreign subsidiaries and associates fulfilling the criteria for being independent entities are translated at an average exchange rate for the year and balance sheet items are translated at the rate of exchange on the balance sheet date. Exchange differences arising from translation of the equity of foreign subsidiaries at the beginning of the year to the rates of the balance sheet date and from translation of income statements from average rate to the rates of the balance sheet date are recognised directly in the equity.

Exchange adjustment of intercompany accounts with foreign subsidiaries that are deemed to be an addition to or deduction from the equity of independent subsidiaries are recognised directly in equity.

**INCOME STATEMENT 1 JANUARY - 31 DECEMBER**

	Note	Group		Parent company	
		2016 DKK '000	2015 DKK '000	2016 DKK '000	2015 DKK '000
<b>NET REVENUE</b> .....		<b>287.807</b>	<b>236.068</b>	<b>4.498</b>	<b>4.072</b>
Other external expenses.....		-63.142	-55.302	0	0
<b>GROSS PROFIT/LOSS</b> .....		<b>224.665</b>	<b>180.766</b>	<b>4.498</b>	<b>4.072</b>
Other operating income .....		1.197	999	50	0
Other external expenses.....		-40.104	-41.157	-405	-350
Staff costs .....	1	-154.213	-128.761	1.200	-3.200
<b>OPERATING PROFIT/LOSS (EBITDA)</b> .		<b>31.545</b>	<b>11.847</b>	<b>2.943</b>	<b>522</b>
Depreciations .....		-1.207	-1.124	-2	0
<b>Result before goodwill depreciations (EBITDA)</b> .....		<b>30.338</b>	<b>10.723</b>	<b>2.941</b>	<b>522</b>
Depreciation of goodwill and devel- opment costs.....		-1.439	-1.493	0	0
Adjustment of shares etc.....		0	0	0	0
<b>Result of main activities</b> .....		<b>28.899</b>	<b>9.230</b>	<b>2.941</b>	<b>522</b>
Income from investments in subsidiaries .....		0	0	-355	4.462
Income from investments in associates.....		-354	-411	10.169	-411
Financial income from parent com- pany .....		3.106	2.944		2.944
Write down of financial assets			0	0	-4.570
Other financial income.....		385	7.809	3.313	2.408
Financial expenses.....		-3.811	-6.257	-503	-216
<b>PROFIT/LOSS BEFORE TAX AND EXTRAORDINARY ITEMS</b> .....		<b>28.225</b>	<b>13.315</b>	<b>15.565</b>	<b>5.139</b>
Tax on profit/loss on ordinary activities.....	2	-7.299	-4.368	-1.281	-1.330
<b>PROFIT/LOSS FOR THE YEAR</b> .....	3	<b>20.926</b>	<b>8.947</b>	<b>14.285</b>	<b>3.809</b>

**BALANCE SHEET AT 31 DECEMBER**

ASSETS	Note	Group		Parent company	
		2016 DKK '000	2015 DKK '000	2016 DKK '000	2015 DKK '000
Goodwill .....		6.082	6.506	14	0
<b>Intangible fixed assets .....</b>	<b>4</b>	<b>6.082</b>	<b>6.506</b>	<b>14</b>	<b>0</b>
Other plant, fixtures and equipment		2.361	2.897	0	0
<b>Tangible fixed assets .....</b>	<b>5</b>	<b>2.361</b>	<b>2.897</b>	<b>0</b>	<b>0</b>
Investments in subsidiaries.....	6	0	0	38.750	29.566
Investments in associates.....	6	4.234	4.589	4.234	4.589
Deposits .....		1.046	1.961	0	0
<b>Fixed asset investments .....</b>		<b>5.280</b>	<b>6.550</b>	<b>42.984</b>	<b>34.155</b>
<b>FIXED ASSETS.....</b>		<b>13.723</b>	<b>15.953</b>	<b>42.998</b>	<b>34.155</b>
Trade receivables .....		70.676	53.140	298	392
Contract work in progress .....		13.461	6.635	0	0
Deferred tax asset		356	459	0	0
Receivables from parent company ...		78.634	78.317	85.279	85.494
Corporation tax.....		2.667	576	0	0
Other receivables .....		2.090	3.834	0	0
Prepayments and accrued income....		1.503	1.986	0	0
<b>Receivables .....</b>		<b>169.388</b>	<b>144.947</b>	<b>85.577</b>	<b>85.886</b>
Cash .....		19.771	20.539	1.608	297
<b>CURRENT ASSETS.....</b>		<b>189.159</b>	<b>165.486</b>	<b>87.185</b>	<b>86.183</b>
<b>ASSETS .....</b>		<b>202.882</b>	<b>181.439</b>	<b>130.183</b>	<b>120.338</b>

## BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group		Parent company	
		2016 DKK '000	2015 DKK '000	2016 DKK '000	2015 DKK '000
Share capital .....		225	225	225	225
Revaluation reserve, equity method		0	0	24.832	16.003
Retained earnings .....		43.934	105.633	19.102	89.630
Proposed dividend for the financial year .....		75.000	0	75.000	0
Minority interests .....		14.551	9.607	0	0
<b>EQUITY.....</b>	<b>7</b>	<b>133.710</b>	<b>115.465</b>	<b>119.159</b>	<b>105.858</b>
Provision for deferred tax .....		1.263	491	0	0
<b>PROVISION FOR LIABILITIES .....</b>		<b>1.263</b>	<b>491</b>	<b>0</b>	<b>0</b>
Payables to banks .....		1.184	812	0	0
Trade payables .....		21.343	21.415	228	278
Payables to parent company.....		3.866	5.229	2.132	2.155
Corporation tax.....		4.587	3.758	0	1.330
Other payables .....		29.054	33.450	8.664	10.717
Accruals and deferred income.....		7.875	819	0	0
<b>Current liabilities .....</b>		<b>67.909</b>	<b>65.483</b>	<b>11.024</b>	<b>14.480</b>
<b>LIABILITIES .....</b>		<b>69.618</b>	<b>65.974</b>	<b>11.024</b>	<b>14.480</b>
<b>EQUITY AND LIABILITIES .....</b>		<b>202.882</b>	<b>181.439</b>	<b>130.183</b>	<b>120.338</b>
Contingencies etc. ....	8				
Charges and securities .....	9				
Related parties .....	10				

**CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER**

	Group 2016 t.DKK	Group 2015 t.DKK
Profit/loss for the year .....	20.926	8.946
Adjustments.....	10.621	2.901
Contract work in progress .....	231	-4.930
Account receivables .....	-15.627	-19.808
Account payables .....	-71	6.230
Other liabilities.....	-6.928	14.552
Received interest .....	3.917	11.407
Paid interest .....	-3.811	-6.257
Paid tax .....	-7.687	-7.707
<b>CASH FLOWS FROM OPERATING ACTIVITIES ..</b>	<b>1.570</b>	<b>5.334</b>
Change in deposits.....	915	-1.557
Purchase of tangible fixed assets .....	-671	-1.893
Purchase of goodwill .....	-1.016	331
Associated companies .....	0	-5.000
<b>CASH FLOWS FROM INVESTING ACTIVITIES ..</b>	<b>-772</b>	<b>-8.119</b>
Purchase of own shares .....	-242	-2.927
Minority interest .....	-1.697	354
<b>CASH FLOWS FROM FINANCING ACTIVITIES..</b>	<b>-1.938</b>	<b>-2.573</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS..</b>	<b>-1.140</b>	<b>-5.357</b>
Cash and cash equivalents at 1 January .....	19.727	25.084
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER .....</b>	<b>18.587</b>	<b>19.727</b>
Specification of cash and cash equivalents at 31 December		
Cash at banks .....	19.771	20.539
Bank debt, overdraft .....	-1.184	-812
<b>CASH AND CASH EQUIVALENTS, NET DEBT ..</b>	<b>18.587</b>	<b>19.727</b>

## NOTES

	Group		Parent company		Note
	2016 DKK '000	2015 DKK '000	2016 DKK '000	2015 DKK '000	
<b>Staff costs</b>					1
Amount of total staff costs:					
Wages and salaries etc.....	154.213	128.761	1.200	3.200	
	<b>154.213</b>	<b>128.761</b>	<b>1.200</b>	<b>3.200</b>	
The items includes:					
Pensions .....	3.754				
Other social security cost .....	17.743				
Remuneration for management of the parent company .....	1.200	2.800	1.200	2.800	
Average number of employees	246	221	1	1	
<b>Tax on profit/loss on ordinary activities</b>					2
Tax for the year .....	6.424	6.061	1.281	1.330	
Deferred taxes.....	875	-1.693	0	0	
<b>Total tax for the year .....</b>	<b>7.299</b>	<b>4.368</b>	<b>1.281</b>	<b>1.330</b>	
<b>Proposed distribution of dividend</b>					3
	Group		Parent company		
	2016 DKK '000	2015 DKK '000	2016 DKK '000	2015 DKK '000	
Dividend for the financial year .....	75.000	0	75.000	0	
Allocation to reserve for ned revalu- ation under the equity method.....	0	0	9.814	4.462	
Retained earnings.....	-60.716	3.810	-70.529	-653	
Minority interests' share of prof- it/loss in subsidiaries .....	6.642	5.137	0	0	
	<b>20.926</b>	<b>8.947</b>	<b>14.285</b>	<b>3.809</b>	
<b>Intangible fixed assets</b>					4
				<b>Group Goodwill</b>	
Cost at 1 January 2016 .....				12.855	
Additions .....				1.015	
<b>Cost at 31 December 2016..</b>				<b>13.870</b>	
Amortisation at 1 January 2016 .....				6.349	
Amortisation of the year .....				1.439	
<b>Amortisation at 31 December 2016.....</b>				<b>7.788</b>	
<b>Carrying amount at 31 De- cember 2016 .....</b>				<b>6.082</b>	

## NOTES

		Note
<b>Tangible fixed assets</b>		<b>5</b>
	<b>Group Other plant, fixtures and equipment</b>	
Cost at 1 January 2016.....	4.780	
Transferred.....	-360	
Additions.....	1.086	
Disposals.....	-149	
<b>Cost at 31 December 2016.....</b>	<b>5.357</b>	
Depreciation and impairment losses at 1 January 2016.....	1.883	
Exchange adjustment .....	39	
Reversal of depreciation of assets disposed of .....	-101	
Depreciation for the year.....	1.175	
<b>Depreciation and impairment losses at 31 December 2016.....</b>	<b>2.996</b>	
<b>Carrying amount at 31 December 2016.....</b>	<b>2.361</b>	
	<b>Group      Parent DKK '000      company DKK '000</b>	
<b>Investments in subsidiaries and associates</b>		<b>6</b>
Cost at 1 January .....	5.000	13.152
Additions.....	0	0
Disposals.....	0	0
<b>Cost at 31 December .....</b>	<b>5.000</b>	<b>13.152</b>
Net revaluation at 1 January .....	-411	16.414
Corrections .....	0	-1.168
Exchange adjustment at closing rate.....	0	425
Profit/loss for the year .....	-355	10.169
Write-down of the year .....	0	0
Disposals .....	0	0
Purchase own shares .....	0	-242
<b>Revaluation at 31 December .....</b>	<b>-766</b>	<b>25.598</b>
<b>Carrying amount at 31 December .....</b>	<b>4.234</b>	<b>38.750</b>
<b>Specification of investments (DKK '000):</b>		
<b>Subsidiary:</b>	<b>Place of residence</b>	<b>Ownership</b>
AlfaPeople Europe ApS .....	Denmark, Helsingoer	86,5%
AlfaPeople Andino S.A.....	Colombia	52,21%
AlfaPeople Centoamerica S.A.....	Costa Rica	52,21%
AlfaPeople Mexico S.A. DE. C.V. ....	Mexico	52,21%
AlfaPeople Inc. USA.....	USA	72,3%

**NOTES**

The group companies, the subsidiaries AlfaPeople Do Brasis Consultoria De Informatica LTDA and Caps CRM Consultoria De Informatica LTDA are excluded from the consolidation as, by agreement, these companies constitute significant and sustained barriers to the exercise of rights over the companies' assets or management. In addition, the fact is that companies have negative equity.

	<b>Parent company</b>	
	<b>2016</b>	<b>2015</b>
	DKK	DKK '000
<b>Investments in associates</b>		
Cost at 1 January .....	5.000	46
Additions.....	0	5.000
Disposals .....	0	-46
<b>Cost at 31 December .....</b>	<b>5.000</b>	<b>5.000</b>
Revaluation at 1 January .....	-411	-46
Profit/loss for the year .....	0	-411
Reversal of disposals of the year.....	-355	46
<b>Revaluation at 31 December .....</b>	<b>-766</b>	<b>-411</b>
<b>Carrying amount at 31 December .....</b>	<b>4.234</b>	<b>4.589</b>

Specification of investments (DKK '000):

<b>Name and registered office</b>	<b>Ownership</b>
Zman Participaones LTDA, Brazil.....	20 %

The investment of 20% in the Brazilian company ZMAN PARTICIPAÇÕES LTDA. proceeds satisfactorily earnings. In this group for 2016 there is a total TBRL 1,575 equivalent to TDKK 3,086. Zman is the owner of a number of Brazilian IT subsidiaries.

As the group had negative equity at the beginning of the year, therefore, only a minor part of the income is recognized.



## Equity

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	Share capital	Revaluation reserve, equity method	Retained earnings	Dividend
	DKK '000	DKK '000	DKK '000	DKK '000
<b>Parent company:</b>				
Equity at 1 January .....	225	16.003	89.631	0
Share capital increase/adjustments.....	0	-1.168	0	0
Dividend paid/proposed dividend.....	0	0	0	75.000
Purchase own shares .....	0	-242	0	0
Exchange adjustment, investments .....	0	425	0	0
Profit/loss for the year.....	0	9.814	-70.529	0
<b>Equity at 31 December .....</b>	<b>225</b>	<b>24.832</b>	<b>19.102</b>	<b>75.000</b>
<b>Minority interest:</b>				
Balance at 1 January .....				9.607
Disposals .....				-1.698
Profit/loss for the year .....				6.642
<b>Balance at 31 December .....</b>				<b>14.551</b>
<b>Group:</b>				
Equity at 1 January .....	225	0	105.633	0
Share capital increase/adjustments.....	0	0	-1.168	0
Dividend paid/proposed dividend.....	0	0	0	75.000
Purchase of own shares .....	0	0	-242	0
Exchange adjustment, investments .....	0	0	427	0
Profit/loss for the year.....	0	0	-60.716	0
<b>Equity at 31 December .....</b>	<b>225</b>	<b>0</b>	<b>43.934</b>	<b>75.000</b>

Changes of the share capital in the financial year and the 5 previous financial years:

	DKK '000
<b>Group:</b>	
Share capital at 1 January 2011.....	225
Share capital at 31 December 2016 .....	225

## NOTES

	Note
<b>Contingencies etc.</b>	<b>8</b>
<i>Group:</i> The group has no contingent assets.	
The individual group companies have issued warranties to the groups' largest supplier for the groups' total ongoing commitments.	
The group has entered into operating rent agreements etc. for which the total future liability totals approx. TDKK 8.600.	
The group has entered into lease agreements etc. for which the total future liability totals approx. TDKK 1.338.	
The Danish group companies is jointly taxed, and is jointly and severally liable for tax on the group's jointly taxed income. The groups' joint taxation of tax payable on income is shown in the annual report for Gaarboe ApS which is the management company for the joint taxation. Further to this the group has issued usual warranties for work delivered.	
<i>Parent company:</i> The parent company has issued warranties in respect of associates' and subsidiaries' commitments with the groups' largest supplier.	
The company is jointly taxed with the Danish group companies and is jointly and severally liable for tax on the group's jointly taxed income. The groups' joint taxation of tax payable on income is shown in the annual report for Gaarboe ApS which is the management company for the joint taxation.	
The parent company has no rent or leasing obligations.	
<b>Charges and securities</b>	<b>9</b>
The group has provided floating charge amounting to TDKK 1.000 for an outstanding debt of t.DKK 171. The charging amount og the assets provided as security is total t.DKK 23.142.	
<b>Related parties</b>	<b>10</b>
AlfaPeople ApS' related parties include:	
<b>Controlling interest</b>	
Gaarboe ApS as owner of the capital. Ultimate shareholder is Michael Gaardboe, managing director, Gammel Strandvej 209A, 3060 Espergærde.	
The annual accounts of AlfaPeople ApS is part of the group accounts of Gaardboe ApS, CVR-No. 30 08 28 85, Helsingoer, Denmark.	