

Intrasoft International Scandinavia A/S

Bregnerødvej 127
3460 Birkerød

CVR no. 30 71 59 93

Annual report for 2017

(10th Financial year)

Adopted at the annual general meeting
on 9 May 2018

Albert Menashe
chairman

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Statement by management on the annual report

The supervisory and executive boards have today discussed and approved the annual report of Intrasoft International Scandinavia A/S for the financial year 1. januar - 31. december 2017.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 31. december 2017 and of the results of the company's operations for the financial year 1. januar - 31. december 2017.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved at the annual general meeting.

Birkerød, 9 May 2018

Executive board

Albert Menashe

Supervisory board

Athanassios Kotsis

Alexandros Stergios Manos

Manolis Terrovitis

Albert Menashe

Spyridon Pomonis

Independent auditor's report

To the shareholder of Intrasoft International Scandinavia A/S

Opinion

We have audited the financial statements of Intrasoft International Scandinavia A/S for the financial year 1. januar - 31. december 2017, which comprise a summary of significant accounting policies, income statement, balance sheet and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31. december 2017 and of the results of the company's operations for the financial year 1. januar - 31. december 2017 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 financial statements" section of our report. We are independent of the company 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 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.

In preparing the financial statements, management is responsible for assessing the 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 financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements

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:

Independent auditor's report

- Identify and assess the risks of material misstatement of the 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 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 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 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 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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 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 financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the 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 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.

Hellerup, 9 May 2018

CVR no. 33 25 68 76

 Crowe Horwath.

Lasse Nørgård

Statsautoriseret revisor

MNE no. mne10675

Company details

The company

Intrasoft International Scandinavia A/S
Bregnerødvej 127
3460 Birkerød

CVR no.: 30 71 59 93

Reporting period: 1. januar - 31. december 2017

Incorporated: 10. July 2007

Domicile: Rudersdal

Supervisory board

Athanassios Kotsis
Alexandros Stergios Manos
Manolis Terrovitis
Albert Menashe
Spyridon Pomonis

Executive board

Albert Menashe

Auditors

Crowe Horwath
Statsautoriseret Revisionsinteressentskab
Rygårds Allé 104
2900 Hellerup

Management's review

Business activities

Provision of solutions and services to the public revenue (tax and customs) segment globally remains a key focus area for the Intrasoft International S.A. group. Intrasoft International Scandinavia plays an important role in this regard by being responsible for the development, maintenance and ongoing enhancement of the Company's internationally acclaimed ESKORT Compliance and Enforcement Solution, which is used as the basis of a number of the group's projects internationally.

Business review

The Company's income statement for the year ended 31 December shows a profit of DKK 594.510, and the balance sheet at 31. december 2017 shows equity of DKK 1.749.824.

Significant events occurring after end of reporting period

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Accounting policies

The annual report of Intrasoft International Scandinavia A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act concerning reporting class B entities.

The accounting policies applied are consistent with those of last year.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

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

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in work in progress and other operating income less other external expenses.

Revenue

Revenue from services, comprising service contracts and extended warranties relating to products and contracts sold, is recognised on a straight-line basis as the services are provided.

Revenue from customised products is recognised as the production is carried out, implying that revenue corresponds to the selling price of contracts completed in the year (percentage-of-completion method). This method is applied where the total revenue and expenses relating to the contract and the stage of completion at the balance sheet date can be estimated reliably and it is probable that future economic benefits will flow to the Company.

Accounting policies

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised at the costs incurred insofar as they are likely to be recovered.

Revenue is measured at fair value of the agreed consideration ex. VAT and taxes charged on behalf of third parties. Revenue is net of all types of discounts granted.

Staff costs

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

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, realised and unrealised capital/exchange gains and losses on foreign currency transactions and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, including changes arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Goodwill

Goodwill is amortised over the expected economic life of the asset, measured by reference to management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is 10 years. Amortisation on intangibles exceeds 5 years, as these relate to acquisition and development of activities.

Development projects, patents and licences

Development costs comprise costs directly and indirectly attributable to the company's development activities.

Development projects recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 7 years.

Tangible assets

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

Accounting policies

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years

Assets costing less than DKK 13.200 are expensed in the year of acquisition.

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 is impaired, an impairment loss for that individual asset is recognised.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured based on the stage of completion at the balance sheet date and the expected aggregate income from the individual work in progress. The stage of completion is determined as the share of the expenses incurred relative to the expected total expenses for the individual work in progress.

Where the selling price of work in progress cannot be reliably determined, the selling price is measured at the lower of costs incurred and net realisable value.

The individual work in progress is recognised in the balance sheet under receivables or payables. Net assets comprise the sum of work in progress where the selling price of the work performed exceeds invoicing on account. Net liabilities comprise the sum of work in progress where invoicing on account exceeds the selling price.

Selling costs and costs incurred in securing contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Equity

Dividend

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability at the date of declaration by the annual general meeting.

Accounting policies

Income tax and deferred tax

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

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities, which include trade receivables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Deferred income

Deferred income comprises payments received concerning income in subsequent reporting years.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign-exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates 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 latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement
1 January 2017 - 31 December 2017

	<u>Note</u>	<u>2017</u> DKK	<u>2016</u> TDKK
Gross profit		14.113.233	11.071
Staff costs	1	<u>-10.004.659</u>	<u>-10.630</u>
Earnings Before Interest Taxes Depreciation and Amortization		4.108.574	441
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		<u>-3.076.798</u>	<u>-3.847</u>
Profit/loss before financial income and expenses		1.031.776	-3.406
Financial income		39.908	155
Financial costs	2	<u>-477.174</u>	<u>-799</u>
Profit/loss before tax		594.510	-4.050
Tax on profit/loss for the year		<u>0</u>	<u>0</u>
Net profit/loss for the year		<u>594.510</u>	<u>-4.050</u>
 Proposed distribution of profit			
Retained earnings		<u>594.510</u>	<u>-4.050</u>
		<u>594.510</u>	<u>-4.050</u>

Balance sheet at 31 December 2017

	<u>Note</u>	<u>2017</u> DKK	<u>2016</u> TDKK
Assets			
Completed development projects		254.057	1.892
Acquired patents		0	329
Goodwill		0	1.098
Intangible assets	3	<u>254.057</u>	<u>3.319</u>
Other fixtures and fittings, tools and equipment		3.620	16
Tangible assets	4	<u>3.620</u>	<u>16</u>
Deposits		197.646	120
Fixed asset investments		<u>197.646</u>	<u>120</u>
Fixed assets total		<u>455.323</u>	<u>3.455</u>
Trade receivables		1.964.293	3.647
Contract work in progress		916.717	1.399
Receivables from group entities		6.744.741	5.311
Other receivables		145.105	45
Prepayments		159.319	181
Receivables		<u>9.930.175</u>	<u>10.583</u>
Cash at bank and in hand		<u>228.109</u>	<u>70</u>
Current assets total		<u>10.158.284</u>	<u>10.653</u>
Assets total		<u>10.613.607</u>	<u>14.108</u>

Balance sheet at 31 December 2017

	<u>Note</u>	<u>2017</u> DKK	<u>2016</u> TDKK
Liabilities and equity			
Share capital		2.701.000	2.301
Share premium account		52.856.840	47.453
Retained earnings		-53.808.016	-54.403
Equity	5	<u>1.749.824</u>	<u>-4.649</u>
Payables to group entities		<u>2.241.230</u>	<u>8.029</u>
Long-term debt	6	<u>2.241.230</u>	<u>8.029</u>
Trade payables		703.317	868
Payables to group entities		0	2.878
Other payables		1.948.151	2.537
Deferred income		<u>3.971.085</u>	<u>4.445</u>
Short-term debt		<u>6.622.553</u>	<u>10.728</u>
Debt total		<u>8.863.783</u>	<u>18.757</u>
Liabilities and equity total		<u>10.613.607</u>	<u>14.108</u>
Contingent assets, liabilities and other financial obligations	7		

Notes

	<u>2017</u> DKK	<u>2016</u> TDKK
1 Staff costs		
Wages and salaries	8.780.704	9.417
Pensions	793.743	826
Other social security costs	222.792	223
Other staff costs	207.420	164
	<u>10.004.659</u>	<u>10.630</u>
Average number of employees	<u>12</u>	<u>13</u>
2 Financial costs		
Interest paid to group entities	310.377	540
Other financial costs	166.797	259
	<u>477.174</u>	<u>799</u>

Notes

3 Intangible assets

	Completed development projects	Acquired patents	Goodwill
Cost at 1 January 2017	12.378.406	12.028.000	16.473.163
Cost at 31 December 2017	12.378.406	12.028.000	16.473.163
Impairment losses and amortisation at 1 January 2017	10.486.140	11.699.400	15.375.284
Depreciation for the year	1.638.209	328.600	1.097.879
Impairment losses and amortisation at 31 December 2017	12.124.349	12.028.000	16.473.163
Carrying amount at 31 December 2017	254.057	0	0

4 Tangible assets

	Other fixtures and fittings, tools and equipment
Cost at 1 January 2017	1.780.851
Cost at 31 December 2017	1.780.851
Impairment losses and depreciation at 1 January 2017	1.765.120
Depreciation for the year	12.111
Impairment losses and depreciation at 31 December 2017	1.777.231
Carrying amount at 31 December 2017	3.620

Notes

5 Equity

	<u>Share capital</u>	<u>Share premium account</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2017	2.301.000	47.453.400	-54.402.526	-4.648.126
Cash capital increase	400.000	5.403.440	0	5.803.440
Net profit/loss for the year	0	0	594.510	594.510
Equity at 31 December 2017	<u>2.701.000</u>	<u>52.856.840</u>	<u>-53.808.016</u>	<u>1.749.824</u>

6 Long term debt

	<u>Debt at 1 January 2017</u>	<u>Debt at 31 December 2017</u>	<u>Payment within 1 year</u>	<u>Debt after 5 years</u>
Payables to group entities	8.029	2.241.230	0	0
	<u>8.029</u>	<u>2.241.230</u>	<u>0</u>	<u>0</u>

7 Contingent assets, liabilities and other financial obligations

	<u>2017 DKK</u>	<u>2016 TDKK</u>
Rent and lease liabilities	370.782	427
	<u>370.782</u>	<u>427</u>