Intrasoft International Scandinavia A/S

Bregnerødvej 127, 3460 Birkerød

CVR no. 30 71 59 93

Annual report 2016

Approved at the annual general meeting of shareholders on 9 June 2017

Chairman:

....

Albert Menashe

Contents

αM

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 Intrasoft International Scandinavia 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 financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of 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.

Birkerød, 9 June 2017
Executive Board:

Albert Menashe

Board of Directors:

Athanassios Kotsis
Chairman

Albert Menashe

Manolis Terrovitis

Spyridon Pomonis

Alexandros Stergios Manos

Independent auditor's report

To the shareholders of Intrasoft International Scandinavia A/S

Opinion

We have audited the financial statements of Intrasoft International Scandinavia 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. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the 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 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 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 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 the 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:

- 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.

AK

Independent auditor's report

- 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note 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 the Management's review.

Our opinion on the 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 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 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 our procedures, we conclude that the Management's review is in accordance with the 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, 9 June 2017
Ernst & Young
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Alex Petersen
State Authorised Public Accountant

Management's review

Company details

Name	Intrasoft International Scandinavia A/S
Address, Postal code, City	Bregnerødvej 127, 3460 Birkerød
CVR no.	30 71 59 93
Registered office	Birkerød
Financial year	1 January - 31 December
Board of Directors	Athanassios Kotsis, Chairman Albert Menashe Manolis Terrovitis Spyridon Pomonis Alexandros Stergios Manos
Executive Board	Albert Menashe
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark
Bankers	Danske Bank

αч

Management's review

Management commentary

Business review

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.

Financial review

The income statement for 2016 shows a loss of DKK 4,049,679 against DKK -2,843,254 last year, and the balance sheet at 31 December 2016 shows a negative equity of DKK 4,648,125.

Events after the balance sheet date

The company has carried out a capital injection and debt conversion during May 2017 and reestablished the share capital.

JM

Financial statements for the period 1 January - 31 December

Income statement

Note	DKK	2016	2015
	Gross margin	11,070,911	11,224,822
2	Staff costs	-10,628,700	-9,431,476
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-3,847,471	-3,843,851
	Profit/loss before net financials	-3,405,260	-2,050,505
	Financial income	154,257	41,182
3	Financial expenses	-798,676	-833,931
	Profit/loss before tax	-4,049,679	-2,843,254
	Tax for the year	0	0
	Profit/loss for the year	-4,049,679	-2,843,254

	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-4,049,679	-2,843,254
		-4,049,679	-2,843,254

M

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	2016	2015
	ASSETS		
	Fixed assets		
	Intangible assets		
	Completed development projects	1,778,402	3,302,740
	Acquired intangible assets	328,600	821,500
	Goodwill	1,211,742	3,029,864
		3,318,744	7,154,104
	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	15,731	27,843
		15,731	27,843
	Investments		
	Other receivables	120,000	120,000
		120,000	120,000
	Total fixed assets	3,454,475	7,301,947
	Non-fixed assets		
	Receivables		
	Trade receivables	3,646,393	4,790,798
	Work in progress for third parties	1,398,763	1,417,125
	Receivables from group entities	5,311,420	1,180,963
	Other receivables	45,156	79,508
	Deferred income	181,349	160,198
		10,583,081	7,628,592
	Cash	69,382	339,148
	Total non-fixed assets	10,652,463	7,967,740
	TOTAL ASSETS	14,106,938	15,269,687

AM

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	2016	2015
	EQUITY AND LIABILITIES		
	Equity		
4	Share capital	2,301,000	2,301,000
	Share premium account	47,453,400	47,453,400
	Retained earnings	-54,402,525	-50,352,846
	Total equity	-4,648,125	-598,446
	Liabilities		
5	Non-current liabilities other than provisions		
	Payables to group entities	8,029,152	8,044,670
		8,029,152	8,044,670
	Current liabilities		
	Work in progress for third parties	4,444,900	3,383,417
	Trade payables	869,405	1,247,065
	Payables to group entities	2,877,872	1,736,810
	Other payables	2,533,734	1,456,171
		10,725,911	7,823,463
	Total liabilities other than provisions	18,755,063	15,868,133
	TOTAL EQUITY AND LIABILITIES	14,106,938	15,269,687

1 Accounting policies
6 Contractual obligations and contingencies, etc.
7 Related parties

Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Share premium account	Retained earnings	Total
Equity at 1 January 2016	2,301,000	47,453,400	-50,352,846	-598,446
Transfer through appropriation of loss	0	0	-4,049,679	-4,049,679
Equity at 31 December 2016	2,301,000	47,453,400	-54,402,525	-4,648,125

With reference to section 119 of the Danish Financial Statements act, the Company has lost more than 50% of its share capital. Management has addressed the loss of share capital in the minutes of meetings and has re-established share capital through capital increase in 2017.

αH

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Intrasoft International Scandinavia A/S for 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act to report reporting class B 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.

Income statement

Revenue

Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

Income from contract work is recognised as revenue as the production is carried out, meaning that the revenue corresponds to the market value of contracts completed in the year.

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.

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.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

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

Completed development projects	7 years
Acquired intangible assets	5-10 years
Goodwill	10 years

Amortisation on intangibles exceeds 5 year, as these relate to acquisition and development of activities.

UM

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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:

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

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the reporting period. Net financials include interest income and expenses and realised and unrealised exchange gains and losses on foreign currency transactions.

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.

Balance sheet

Intangible assets

Development costs are expensed in the income statement as incurred.

Development projects that are clearly defined and identifiable and in respect of which the technological feasibility, sufficient resources and a potential future market or development potential in the enterprise can be demonstrated, and where the intention is to produce, market or use the product or the process, are recognised as intangible assets provided that it is sufficiently certain that future earnings will be adequate to cover the production, sales and administrative expenses and the aggregate development costs. Other development costs are expensed in the income statement as incurred.

Development costs are measured at direct costs and a portion of the costs that can be related indirectly to the individual development projects.

Acquired intangible assets are tested for impairment whenever there is an indication that an asset might be impaired. Furthermore, development projects in progress are tested for impairment on an annual basis. The impairment test is performed for each individual asset or group of assets, respectively. The carrying amount of impaired assets is reduced to the higher of the value in use and the net selling price (recoverable amount) of the asset or group of assets.

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.

Items of property, plant and equipment are tested for impairment whenever there is an indication that an asset might be impaired. The impairment test is performed for each individual asset or group of assets, respectively. The carrying amount of impaired assets is reduced to the higher of the value in use and the net selling price (recoverable amount) of the asset or group of assets.

am

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

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.

Work in progress for third parties

Work-in-progress are measured by reference to the stage of completion. The stage of completion is calculated on the basis of the direct and indirect costs incurred relative to the expected total expenses.

The value of the individual contracts, less prepayments, is classified under 'Receivables' if the amounts are positive and under 'Payables' if the amounts are negative.

Write-downs for losses are made up as the total expected loss on the contract irrespective of the stage of completion.

Prepayments

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

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.

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 assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or a set off against deferred tax liabilities.

αy

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

	DKK	2016	2015
2	Staff costs		
	Wages/salaries	9,417,258	8,367,401
	Pensions	825,648	770,164
	Other social security costs	222,396	115,717
	Other staff costs	163,398	178,194
		10,628,700	9,431,476
	Average number of full-time employees	13	12
3	Financial expenses		
	Interest expenses, group entities	539,533	734,036
	Other financial expenses	259,143	99,895
		798,676	833,931

4 Share capital

Analysis of the share capital:

	2016	2015
23,010 shares of DKK 100.00 nominal value each	2,301,000	2,301,000
	2,301,000	2,301,000

Analysis of changes in the share capital over the past 5 years:

DKK	2016	2015	2014	2013	2012
Opening balance	2,301,000	2,001,000	2,001,000	2,001,000	1,900,000
Capital increase	0	300,000	0	0	101,000
	2,301,000	2,301,000	2,001,000	2,001,000	2,001,000

5 Non-current liabilities other than provisions

None of the long-term liabilities falls due for payment after more than 5 years after the balance sheet date.

ay.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

6 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

DKK	2016	2015
Rent and lease liabilities	427,497	144,219

7 Related parties

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Intrasoft International S.A. (Direct parent)	2b rue Nicola Bove, L 1253, Luxembourg	2b rue Nicola Bove, L 1253, Luxembourg
Intracom Holdings S.A. (Ultimate parent)	19th km Markopoulou ave. Peania, Athens, Greece	19th km Markopoulou ave. Peania, Athens, Greece

αN.