Omni Technical Solutions A/S

Gothersgade 175, 2nd floor left,
1123 Copenhagen K

Annual report for 2018

For the Danish Business Authority

The annual report is presented and approved at the Annual General Meeting

on 21st May 20 19

Conductor

CVR no. 30 91 51 19

Contents

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 Omni Technical Solutions A/S for the financial year 1 January - 31 December 2018.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2018 and of the results of the Group's and the Parent Company's operations and the consolidated cash flows for the financial year 1 January – 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's operations and financial matters and the results of the Group's and the Parent Company's operations and financial position.

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

Dubai UAE, 21 May 2019

Executive Board:

Lars Blavnsfeldt
CEO

Board of Directors:

Mikael Konnerup
Chairman

Martin Rasmussen

Lars Blavnsfeldt

Independent auditors' report

To the shareholders of Omni Technical Solutions A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Omni Technical Solutions A/S for the financial year 1 January – 31 December 2018, which comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes, for both the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2018 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the 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 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 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 financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Independent auditors’ report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 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 additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism 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 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 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 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 Parent 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.
- 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.

Independent auditors' report

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 the 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 the work we have performed, 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 Statements Act. We did not identify any material misstatement of the Management's review.

Odense, 21 May 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Søren Smedegaard Hvid
State Authorised
Public Accountant
MNE no.: mne31450

Management's review

Company details

Omni Technical Solutions A/S
c/o Industri Udvikling II K/S
Gothersgade 175, 2. tv.
1123 Copenhagen K
Denmark

Telephone:	+45 33 36 89 96
Fax:	+45 33 36 89 90

CVR No.:	30 91 51 19
Established:	16 October 2007
Registered office:	Copenhagen

Board of Directors

Mikael Konnerup Chairman
Lars Blavnsfeldt
Martin Rasmussen

Executive Board

Lars Blavnsfeldt, CEO

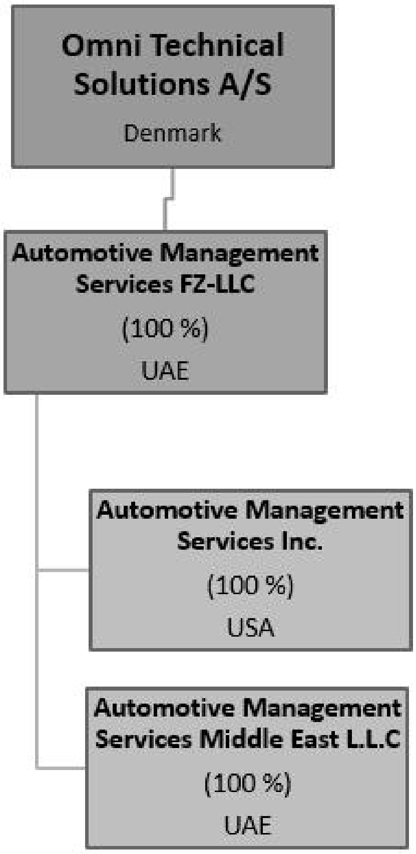
Auditors

Ernst & Young
Godkendt Revisionspartnerselskab
Englandsgade 25,
DK-5100 Odense C

Annual general meeting

The annual general meeting is to be held at Omni Technical Solutions A/S office at Jumeirah Lakes Towers, Office 2404, Saba Tower 1, Cluster E Dubai, UAE on 21 May 2019.

Group chart



Shareholders

Shareholders holding more than 5% of the share capital are:

No Lemon Invest A/S, Copenhagen
Industri Udvikling II K/S, Copenhagen

Management’s review

Financial highlights for the Group

Amounts in USD'000	2014	2015	2016	2017	2018
Key figures					
Revenue	142,579	151,502	138,005	179,794	143,718
Operating profit (EBIT)	**12,038**	**11,207**	**8,713**	**8,630**	**1,514**
Profit/loss from financial income and expenses	-1,171	-1,653	-639	-551	-733
Profit before tax	10,867	9,554	8,074	8,136	766
Profit for the year from continuing operations	**10,024**	**8,708**	**7,667**	**7,684**	**611**
Profit/loss for the year from discontinued operations	-10,268	-8,665	-879	0	-1,775
Profit/loss for the year	-244	43	6,788	7,684	-1,164
Non-current assets	16,963	16,487	15,613	19,442	13,174
Current assets	50,186	44,092	43,850	53,820	46,751
Assets from continuing operations	**67,149**	**60,579**	**59,463**	**73,262**	**59,925**
Assets from discontinued operations	20,683	0	0	0	9,821
Total assets	**87,832**	**60,579**	**59,463**	**73,262**	**69,746**
Share capital	4,046	4,046	4,046	4,046	4,046
Equity	**36,663**	**30,309**	**28,166**	**23,934**	**22,626**
Non-current liabilities	10,081	8,241	0	2,964	40
Current liabilities	28,595	22,009	31,320	46,468	43,558
Liabilities from continuing operations	**38,676**	**30,004**	**31,320**	**49,431**	**43,598**
Liabilities from discontinued operations	12,492	0	0	0	3,522
Total liabilities	**51,168**	**30,004**	**31,320**	**49,431**	**47,120**
Cash flows from operating activities	4,565	22,431	10,872	9,506	-1,488
Cash flows from investing activities	-3,244	-1,848	-1,709	-1,787	-791
Cash flows from financing activities	-3,397	-8,670	-17,214	-9,036	-2,924
Change in net cash funds	**-2,076**	**11,913**	**-8,051**	**-1,317**	**-5,202**
Financial ratios					
Operating margin from continuing operations	8.4%	7.4%	6.3%	4.8%	1.1%
Return on investments from continuing operations	18.5%	17.5%	14.5%	13.0%	2.3%
Return on equity from continuing operations	27.4%	26.0%	26.2%	29.5%	2.6%
Solvency ratio	41.7%	50.0%	47.4%	32.7%	32.4%
Average number of employees	**1,845**	**1,897**	**1,901**	**2,082**	**3,134**

Financial ratios are calculated in accordance with the recommendations of the Danish Finance Society.

Management's review

Operating review

Principal activity

The business foundation for Omni Technical Solutions A/S is, through subsidiaries, to offer maintenance, rental and fleet management of vehicles and equipment in areas of the world where there are limited maintenance capabilities, e.g. in conflict areas or in inaccessible areas such as mining operations, etc.

Development in activities and financial position

Performance for the year

In 2018, the Group realised revenue of USD 143.7 million from operations in Afghanistan, Somalia, UAE, USA as well as Global Field Support against USD 179.8 million in 2017.

In 2018, operating profit for the year/EBIT in Omni Technical Solutions amounted to USD 1.5 million.

The Group sales revenue and profit in 2018 is lower compared to prior year. However, it was expected that 2018 would be a challenging year due to the fundamental change in contractual framework for the largest business area of the Group in Afghanistan going from a Firm Fixed Price Prime Contractor to a Cost Plus Fixed Fee SubContractor. Further a number of Business optimization efforts were identified end 2017 for execution in 2018 for strategic preparation for the future, which added to the challenging financial result for the year.

AMS Kazakhstan Volvo Construction is being exited and CSPT operations were closed down. The financial results of those efforts are presented as Discontinued operations. In 2018, loss from discontinued operations amounted to USD 1.8m.

By the end of 2018, total receivables in the Group amounted to USD 11.7 million against USD 21.9 million by the end of 2017. All material receivables have been paid after the end of the financial year.

Total inventories amounted to USD 1.6 million at the end of 2018 against USD 6.2 million the year before.

The non current liabilities at year end came at USD 40 thousand against USD 3 million in 2017.

Investments

The Group has invested USD 800 thousand in other intangible assets and property, plant and equipment.

Management's Review

Outlook

After the challenging year in 2018, which came with a number of business optimization efforts and strategic initiatives for the future, it is expected that 2019 should deliver a significantly better result.

The year is budgeted with an increase revenue to USD 170.3 million with an uplift in operating profit for the year/EBIT to USD 5.8 million and significant improvement in Net cash fund to USD 5 million. Based on the outlook of 2019, the groups total goodwill amounts to USD 10,2 million at the end of 2018, where the outlook show no sign of need for impairment on goodwill.

Liquidity and capital resources

At 31 December 2018, the Group's equity amounted to USD 22.6 million, representing 32.4% of the balance sheet total.

Based on the annual report for 2018, the budget for 2019 and the forecast for the coming years and continued close cooperation with the Group's bank, it is the Management's view that the Group will have sufficient credit facilities.

Events after the balance sheet date

No events have occurred since the end of the financial year, which, in our opinion, will have a negative impact on the evaluation of the annual report.

Special risks

General risks

The Group is exposed to the political and operational risks that are involved when operating in parts of the world, which are often subject to unrest.

Financial risks

Currency risks

As the Group primarily buys and sells in USD, the above exposure is considered immaterial.

Credit risks

The business foundation for the Group is to provide high quality automotive services to international and local organisations deemed to pose only an insignificant credit risk in the opinion of the Management.

Management's Review

CSR

The Group's primary areas of business in 2018 were the Middle East, Africa, Central Asia and USA.

The Group wishes to develop its core business and meet its strategic challenges in an economically and socially sound way. This means that the Group will live up to the legislation of the countries and communities in which they operate and that it will implement voluntary activities and efforts of a socially responsible nature to achieve its strategic objectives.

Omni Technical Solutions endeavors to create safe jobs and environment for its employees, in the knowledge that working conditions in conflict and other harsh environments can be uncertain and carry additional risk. It is for that reason that within these locations the Group implemented a suite of Health and safety policies in 2016, applicable to all employees in all locations. Since this time the policies have been reviewed annually, however no further policies have been implemented or actions taken as they have not been necessary.

Omni Technical Solution strives to protect human rights in every aspect of its operations. This has resulted in the Group establishing the Afghan Women's Organization (AWO) in Kabul and the Kabul Karate Club. During 2018 the Group continued to support these initiatives.

Omni Technical Solutions are aware of the risks of breaches to human rights in connection with it's activities and the geographies in which it operates.

The AWO enabled Afghan women to learn tailoring skills, create and sell products, thereby providing for themselves and their families. The Kabul Karate Club enabled Afghan youth to train, exercise, learn discipline and soft skills, thereby supporting their personal development. Combined these 2 projects helped over 260 local Afghan people work or train in a safe secure environment in 2018. AMS further supported development of local employees through English language and Dari literacy courses supporting education and improving literacy.

Omni Technical solutions, in 2018, also supported Afghan Connection's Community based Education (CBE) project in Afghanistan for the second year. This project allows effective and cost efficient education in remote areas where government schools cannot be reached by the children. The project educates some 1500 children in totality.

Reference is made to the activities on the company webpage http://www.o-t-s.dk/.

The Group has assessed that there are risks of corruption within the environments that they operate, and it is for that reason that the Group has implemented robust policies with a zero tolerance apporoach to failure.

The Group has also developed an anti-corruption policy which is applicable to all Group employees and partners. This policy clearly states that the Group does not accept any form of bribery or corruption.

This has enabled the Group to be confident in its adherence to laws and regulations in the geographies and stakeholder parameters within which it operates.

The Company has not adopted a separate policy for reducing its impact on both the climate and environment as it assess that its activities have only a limited impact thereon.

Management's Review

Objectives and policies for the underrepresented sex

The Group believes that diversity among employees, including equal distribution of the sexes, give a positive work environment and strengthen the Company.

Omni Technical Solutions' Board of Directors is elected by the shareholders, and Management has no influence on the choice of these.

Omni Technical Solutions always strives to have the best qualified people in each position regardless of nationality, gender, religion, etc; hence the Group does not provide specific targets for the share of the potentially under-represented sex.

It is the Company's objective that at least one woman should be represented on the Board of Directors at the end of 2019. As at the end of 2017, there were no women on the Board of Directors. This has not changed in 2018 as there was no additional incumbents in the Board of Directors as a resolution was proposed and adopted to reduce the existing members.

It is our policy that management jobs should be taken up by the best qualified candidates, and at the same time we wish to upgrade women management talents. When employing persons for management positions, at least one of each gender should be represented among the last three candidates. The share of women leaders remained unchanged compared to the end of 2017.

Financial statements 1 January - 31 December 2018

Accounting policies

The annual report of Omni Technical Solutions A/S for 2018 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

The financial statements have been prepared in accordance with the same accounting policies as last year.

Consolidated financial statements

The consolidated financial statements comprise the Parent Company, Omni Technical Solutions A/S, and subsidiaries in which Omni Technical Solutions A/S directly or indirectly holds more than 50% of the voting rights or over which it otherwise exercises control.

The consolidated financial statements have been prepared as a consolidation of the Parent Company's and the individual subsidiaries' financial statements, which are prepared according to the Group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated.

In the consolidated financial statements, the items of subsidiaries are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly-owned are included in the Group's profit/loss and equity, respectively, but are disclosed separately.

Business combinations

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

Gains or losses on disposal of subsidiaries and associates are made up as the difference between the sales price and the carrying amount of net assets at the date of disposal plus non-amortised goodwill and anticipated selling costs.

Corporate acquisitions are accounted for using the purchase method according to which the acquired entity identifiable assets and liabilities are measured at fair value at the date of acquisition. Restructuring costs recognised in the acquired entity before the date of acquisition and not agreed as part of the acquisition are part of the acquisition balance sheet and, hence, the calculation of goodwill. Costs relating to restructuring decided by the acquiring entity must be recognised in the income statement. The tax effect of the restatement of assets and liabilities is taken into account.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill) is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset.

Financial statements 1 January - 31 December 2018

Accounting policies

Negative differences (negative goodwill) are recognised as income in the income statement at the time of acquisition when the general revenue recognition criteria are met.

Goodwill and negative goodwill from acquired entities may be adjusted until 12 months after the year of acquisition.

Non-controlling interests

On initial recognition, non-controlling interests are measured at the fair value of the non-controlling interests' ownership share or at the non-controlling interests' proportionate share of the fair value of the acquired entity's identifiable assets, liabilities and contingent liabilities.

Foreign currency translation

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

Receivables and payables and other monetary items denominated in foreign currencies are translated into USD at closing rates. 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.

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

Foreign exchange adjustments of balances with separate foreign subsidiaries which are considered part of the total investment in the subsidiary are taken directly to equity. Foreign exchange gains and losses on loans and derivative financial instruments designated as hedges of foreign subsidiaries are also recognised directly in equity.

Income statement

Revenue

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

Financial statements 1 January - 31 December 2018

Accounting policies

Income from the sale of services, which include service contracts is recognised on a straight-line basis as the services are rendered.

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

Direct costs

Direct costs comprise costs, including salaries, incurred in generating the year's revenue. Such costs include direct and indirect costs related to raw materials and consumables, wages and salaries, rent and leases.

Other income

Other income comprises items secondary to the entities' activities, including gains on disposal of intangible assets and items of property, plant and equipment. In the parent company other income also comprise management fee.

Sales and distribution costs

Sales and distribution costs comprise costs related to the distribution of goods sold in the year and to sales campaigns, etc. carried out in the year, including costs related to sales staff, advertising, and exhibitions.

Administrative expenses

Administrative expenses comprise costs incurred in the year to manage and administer the Company, including expenses related to administrative staff, management, office premises, office expenses and amortisation/depreciation.

Other costs

Other costs comprise items secondary to the entities' activities, including losses on disposal of intangible assets and items of property, plant and equipment.

Profit/loss after tax from investments in subsidiaries

The proportionate share of the profit/loss after tax of the individual subsidiaries is recognised in the income statement of the Parent Company after full elimination of intra-group profits/losses.

Financial statements 1 January - 31 December 2018

Accounting policies

Financial income and expenses

Financial income and expenses comprise interest income and expenses, gains and losses on payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax for the year

The tax expense for the year, which comprises the year's current tax charge 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 the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Financial statements 1 January - 31 December 2018

Accounting policies

Balance sheet

Intangible assets

Goodwill and other intangible assets

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 between 5 and 20 years. The amortisation period is fixed on the basis of the expected repayment horizon, longest for strategically acquired business enterprises with strong market positions and long-term earnings profiles.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses. Other intangible assets are amortised on a straight-line basis over 5 years.

Gains and losses on the disposal of other intangible assets are determined as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other income or other expenses, respectively.

Amortisation is recognised as administrative expenses.

Property, plant and equipment

Leasehold improvements, hire equipment, technical equipment and machines as well as fixtures and fittings are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, and wages and salaries.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Leasehold improvemenst	4 years
Technical equipment and fixtures	5-10 years
Company cars	2-4 years

The basis of depreciation is based on the residual value of the asset at the end of its useful life and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

Financial statements 1 January - 31 December 2018

Accounting policies

In case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Depreciation is recognised in the income statement as administrative costs.

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

Investments in subsidiaries

Investments in subsidiaries are measured according to the equity method.

Investments in subsidiaries are measured at the proportionate share of the entities' net asset value calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the purchase method of accounting.

Investments in subsidiaries with negative net asset values are measured at USD 0 (nil), and any amounts owed by such entities are written down in so far as the amount receivable is considered irrecoverable. If the Parent Company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under provisions.

Net revaluation of investments in subsidiaries is recognised in the reserve for net revaluation according to the equity method in equity where the carrying amount exceeds cost. Dividends from subsidiaries which are expected to be declared before the annual report of Omni Technical Solutions A/S is adopted are not taken to the net revaluation reserve.

The purchase method of accounting is applied to corporate acquisitions, see the above description under "Consolidated financial statements".

Impairment of assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries is tested annually for impairment.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. Assets are written down to the lower of the carrying amount and the recoverable amount.

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

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

Financial statements 1 January - 31 December 2018

Accounting policies

Inventories

Inventories comprise goods for resale. Inventories are measured at cost, comprising the basic purchase price of the goods with the addition of cost directly related to the acquisition. Inventories are measured at cost in accordance with the FIFO method.

Where the net realisable value is lower than cost, inventories are written down to this lower value.

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.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the net 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.

Prepayments

Prepayments recognised under "Current assets" comprise expenses incurred concerning subsequent financial years.

Equity

Reserve for net revaluation according to the equity method

Net revaluation of investments in subsidiaries is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates.

The reserve cannot be recognised at a negative amount.

Dividends

Dividend proposed for the year is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the year is disclosed as a separate item under equity.

Financial statements 1 January - 31 December 2018

Accounting policies

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.

Other liabilities are measured at net realisable value.

Presentation of discontinued operations

Discontinued operations comprise a separate, major line of business whose activities and cash flows are clearly distinguishable, operationally and for financial reporting purposes, from the Company's other lines of business and where the line of business has either been disposed of or separated as held for sale and the sale is expected to be effected within one year in accordance with a formal plan. Discontinued operations also include entities which are classified as "held for sale" in connection with the acquisition.

The profit/loss from discontinued operations and value adjustments after tax of related assets and liabilities and gains and losses on disposal are presented as a separate line item in the income statement, and comparative figures are restated accordingly. Revenue, expenses, value adjustments and tax relating to discontinued operations are disclosed in the notes. Assets and relating liabilities in respect of discontinued operations are presented as separate line items in the balance sheet without restatement of comparative figures, and the main items are specified in the notes.

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of entities is shown separately in cash flows from investing activities. Cash flows from corporate acquisitions are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of entities are recognised up until the date of disposal.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital and income taxes paid.

Financial statements 1 January - 31 December 2018

Accounting policies

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities, activities and intangible assets, property, plant and equipment and financial assets.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, and payment of dividend to shareholders.

Net cash funds

Net cash fund comprise cash funds and short-term debt to credit institutions.

Segment information

Segment information is excluded for competitive reasons.

Financial statements 1 January - 31 December 2018

Accounting policies

Financial ratios

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Operating margin from continuing operations:

Operating profit/loss from continuing operations x 100
Revenue from continuing operations

Return on investment from continuing operations:

Operating profit/loss from continuing operations + financial income x 100
Average assets from continuing operations

Return on equity from continuing operations:

Profit/loss for the year from continuing operations x 100
Average equity

Solvency ratio:

Equity at year end x 100
Total equity and liabilities at year end

Income statement

For the period 1 January - 31 December 2018

Notes	USD'000	Group 2018	Group 2017	Parent company 2018	Parent company 2017
	Revenue	143.718	179.794	0	0
	Direct costs	116.358	123.138	0	0
	Contribution margin	**27.360**	**56.656**	**0**	**0**
	Other income	0	0	2.805	3.226
	Other costs	196	6.218	0	0
	Gross profit	**27.164**	**50.438**	**2.805**	**3.226**
	Sales and distribution costs	132	481	0	32
1, 2	Administrative expenses	25.518	41.327	2.784	3.892
	Operating profit/loss from continuing operations	**1.514**	**8.630**	**21**	**-698**
3	Shares of net profit/loss in subsidiaries	0	0	-670	8.405
3	Share of Net Profit/Loss in Associates	-14	57	0	0
4	Financial income	16	18	223	133
4	Financial expenses	749	569	42	74
	Profit before tax from continuing operations	**766**	**8.136**	**-467**	**7.766**
5	Tax on profit for the year	-155	-452	0	0
	Profit/loss for the year from continuing operations	**611**	**7.684**	**-467**	**7.766**
6	Profit/loss for the year from discontinued operations	-1.775	0	-840	0
	Profit/loss for the year	**-1.164**	**7.684**	**-1.307**	**7.766**
	Breakdown of the consolidated results				
	Shareholders	-1.307	7.766		
	Non -controlling interests	-143	82		
		-1.164	**7.684**		

Balance sheet

at 31 December

Notes	USD'000	Group		Parent company	
	ASSETS	2018	2017	2018	2017
	Non-current assets				
	Intangible assets				
1	Goodwill	10.181	11.379	0	0
1	Other intangible assets	1.801	2.473	12	40
		11.982	13.852	12	40
	Property, plant and equipment:				
2	Leasehold improvements	420	131	3	4
2	Technical equipment and fixtures	458	653	38	41
2	Company cars	266	456	0	0
		1.144	1.240	41	45
	Investments				
3	Investments in subsidiaries	0	0	17.898	19.514
3	Investments in associated companies	47	57	0	0
		47	57	17.898	19.514
	Other non current assets				
	Receivables from service contracts etc.	0	4.293	0	0
	Total non-current assets	**13.174**	**19.442**	**17.950**	**19.598**
	Inventories	1.550	6.196	0	0
	Assets of discontinued operations	9.821	0	0	0
	Receivables from service contracts etc.	11.730	21.894	0	0
3	Receivables from subsidiaries and shareholders	676	726	4.981	4.621
	Other receivables	1.769	2.866	35	38
7	Prepayments	25.952	10.544	119	134
8	Deferred tax asset	0	91	0	0
		40.126	36.121	5.134	4.793
	Cash funds	5.075	11.502	1.064	1.530
	Total current assets	**56.573**	**53.820**	**6.199**	**6.323**
	TOTAL ASSETS	**69.746**	**73.262**	**24.149**	**25.923**

Balance sheet

at 31 December

Notes	USD'000	Group		Parent company	
	EQUITY AND LIABILITIES	2018	2017	2018	2017
	Equity				
	Share capital	4.046	4.046	4.046	4.046
	Revaluation according to the equity method	0	0	17.624	18.667
	Treasury shares	-108	-108	-108	-108
	Retained earnings	18.686	17.979	1.063	1.328
	Reserve for development costs	0	2.015	0	0
	Equity attributable to equity holders of Omni Technical Solutions A/S	22.626	23.934	22.626	23.934
	Non-controlling interest	0	-103	0	0
	Total equity	**22.626**	**23.830**	**22.626**	**23.934**
	Liabilities other than provisions				
9	**Non-current liabilities:**				
	Loans	40	2.964	0	0
	Total Non-current liabilities	40	2.964	0	0
	Current liabilities:				
	Trade payables	26.847	25.688	60	72
	Bank debt	6.990	8.214	0	0
5	Corporation tax payable	89	337	0	0
	Payables to subsidiaries and shareholders	419	807	419	807
	Prepayments from customers	0	88	0	0
10	Other payables	9.214	11.334	1.044	1.111
	Liabilities from discontinued operations	3.522	0	0	0
	Total current liabilities	47.080	46.468	1.523	1.989
	Total liabilities other than provisions	**47.120**	**49.431**	**1.523**	**1.989**
	TOTAL EQUITY AND LIABILITIES	**69.746**	**73.262**	**24.149**	**25.923**

11 Charges, collateral and contingent liabilities
12 Fees for auditors appointed at annual general meeting
13 Employees
14 Related party disclosures
15 Appropriation of profit and loss

Cash flow statement

For the period 1 January - 31 December 2018

USD'000	Group 2018	2017
Cash flows from operating activities		
Profit before tax	766	8.136
Profit/loss for the year from discontinued operations with cash effect	-1.775	0
Depreciation/amortisation for the year	2.478	2.176
Loss on disposal of property and equipment	-15	74
Property and equipment written off from discontinued operations	86	0
Paid taxes	-180	-499
Funds generated from operations	**1.359**	**9.887**
Change in inventory	196	2.281
Change in receivables, prepayments	-10.889	-14.030
Change in receivables from and payables to subsidiaries and shareholders	-338	-674
Change in trade payables	4.187	7.446
Change in other payables, prepayments/deferred income, etc.	2.731	4.596
Net cashflow attributed to operating activities from discontinued operations	1.267	0
Cash flows from operating activities	**-1.488**	**9.506**
Investing activities		
Net value of purchase and sale of non-current assets	-760	-1.730
Investment in associates	10	-57
Net cashflow attributed to investing activities from discontinued operations	-40	0
Cash flows from investing activities	**-791**	**-1.787**
Financing activities		
Dividends paid	0	-12.000
Non-current liabilities	40	2.964
Net cashflow attributed to financing activities from discontinued operations	-2.964	0
Cash flows from financing activities	**-2.924**	**-9.036**
Change in net cash funds for the year	**-5.202**	**-1.317**
Net cash funds at 1 January 2018	3.288	4.604
Change in net cash funds	-5.202	-1.317
Net cash funds at 31 December 2018	**-1.915**	**3.288**

The item "net cash funds" represents cash funds plus short-term debt to credit institutions.

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements.

Statement of changes in equity

At 31 December

	Group						
USD'000	Share capital	Treasury shares	Retained earnings	Reserve for development costs	Total	Minority Shares	Total equity
Equity at 1 January 2017	4.046	-108	23.538	690	28.166	-22	28.144
Payment of dividends	0	0	-12.000	0	-12.000	0	-12.000
Transferred from profit appropriation account	0	0	7.766	0	7.766	-82	7.685
Reserve for development costs			-1.325	1.325			
Equity at 31 December 2017	4.046	-108	17.979	2.015	23.934	-103	23.830
Payment of dividend	0	0	0	0	0	0	0
Transferred from profit appropriation account	0	0	-1.307	0	-1.307	143	-1.164
Reduction in minority interest						-40	-40
Reserve for development costs	0	0	2.015	-2.015	0	0	0
Equity at 31 December 2018	4.046	-108	18.686	0	22.626	0	22.626

Liquidity and capital resources

Based on the Group's budgets for 2019 and forecasts for the following years, positive self-financing from operating activities is expected, primarily via positive operating results.

Based on the annual report for 2018, the budget for 2019 and the forecast for the coming years and continued close cooperation with the Group's bank, it is Management's view that the Group will have sufficient credit facilities.

	Parent company					
USD'000	Share capital	Reserve acc. to the equity method	Proposed dividends	Treasury shares	Retained earnings	Total
Equity at 1 January 2017	4.046	22.761	0	-108	1.467	28.166
Payment of dividends	0	0	-12.000	0	0	-12.000
Transferred from profit appropriation account	0	-4.095	12.000	0	-139	7.767
Equity at 31 December 2017	4.046	18.667	0	-108	1.328	23.934
Payment of dividend	0	0	0	0	0	0
Transferred from profit appropriation account	0	-1.043	0	0	-264	-1.307
Equity at 31 December 2018	4.046	17.624	0	-108	1.063	22.626

The share capital comprises 21,000,000 shares of a nominal amount of DKK 1. No shares carry special rights. The share capital has remained unchanged since the establishment of the Company.

Treasury shares amount to 63,000 shares of a nominal amount of DKK 1, which is equivalent to 0.30% of the total share capital

There has been no changes to the share capital in the past five years.

Notes to the financial statements

Notes USD'000

1 INTANGIBLE ASSETS

	Group		Parent company
	Goodwill	Other intangible assets	Other intangible assets
Cost at 1 January 2018	24.185	3.200	137
Additions during the period	0	98	0
Disposal during the period	0	0	0
Carved Out - Fleet & Equipment Solutions LLP	0	-249	
Exchange rate adjustment during the period	0	0	0
Cost at 31 December 2018	**24.185**	**3.049**	**137**
Amortisation and impairment at 1 January 2018	12.807	727	97
Amortisation regarding the period´s disposals	0	0	0
Amortisation for the period	1.198	641	27
Carved Out - Fleet & Equipment Solutions LLP	0	-120	0
Amortisation and impairment at 31 December 2018	**14.005**	**1.248**	**125**
Carrying amount at 31 December 2018	**10.182**	**1.801**	**12**
Carrying amount at 31 December 2017	**11.379**	**2.473**	**40**
Amortisation for the year are allocated in the income statement as follows:			
Administrative expenses	1.198	641	27

Goodwill Amortisation

Goodwill is amortized using the maximum period of 20 years. The amortization period adopted is well supported using the CGU/NPV CF valuation method, where the valuation has proven to be significantly greater than original cost of goodwill

2 PROPERTY, PLANT AND EQUIPMENT

	Group		
	Leasehold improvements	Technical equipment and fixtures	Company cars (technical equipment)
Cost at 1 January 2018	1.463	3.444	3.008
Additions during the year	408	187	100
Disposal at cost	-376	-2	-103
Carved Out - Fleet & Equipment Solutions LLP	-77	-204	-343
Cost at 31 December 2018	**1.418**	**3.425**	**2.662**
Depreciation at 1 January 2018	1.331	2.792	2.552
Depreciation on disposals for the year	-360	0	-103
Depreciation for the period	67	283	102
Carved Out - Fleet & Equipment Solutions LLP	-40	-107	-156
Depreciation at 31 December 2018	**998**	**2.967**	**2.396**
Carrying amount at 31 December 2018	**420**	**458**	**266**
Carrying amount at 31 December 2017	**131**	**653**	**456**
Depreciation for the year are allocated in the income statement as follows:			
Administrative expenses	67	283	102

Notes to the financial statements

Notes USD'000

2 PROPERTY, PLANT AND EQUIPMENT

	Parent company		
	Leasehold improvements	Technical equipment and fixtures	Company cars (technical equipment)
Cost at 1 January 2018	5	158	0
Additions during the year	0	15	0
Disposal at cost	0	-2	0
Cost at 31 December 2018	**5**	**171**	**0**
Depreciation at 1 January 2018	1	117	0
Depreciation for the period	1	16	0
Depreciation at 31 December 2018	**2**	**134**	**0**
Carrying amount at 31 December 2018	**3**	**38**	**0**
Carrying amount at 31 December 2017	**4**	**41**	**0**

Depreciation for the year is allocated in the income statement as follows:

Administrative expenses		18	

3 Investments in subsidiaries and associated companies
at 31 December

USD'000	Group		Parent company	
	2018	2017	2018	2017
Cost at 1 January	0	0	846	846
Additions during the year	4	0	0	0
Deconsolidation, CSPT Automotive Solutions FZE			-573	0
Cost at 31 December	**4**	**0**	**273**	**846**
Adjustments at 1 January	57	0	18.667	22.761
Dividends	0	0	0	-12.500
Profit for the period	-14	57	-1.510	8.405
Deconsolidation, CSPT Automotive Solutions FZE	0	0	467	0
Value adjustments at 31 December	**43**	**57**	**17.624**	**18.667**
Carrying amount at 31 December	**47**	**57**	**17.898**	**19.514**

Investments in subsidiaries are specified as follows:

USD'000	Ownership	Share capital	Equity at 31 December	Profit/loss for the period at 31 December
Automotive Management Service FZ LLC	100%	273	17.898	-670
CSPT Automotive Solutions FZE	100%	136	0	-840
AMS Mission Sustainment FZE	100%	0	0	0
Carrying amount at 31 December 2017			**17.898**	**-1.510**

Investments in associated companies are specified as follows:

USD'000	Ownership	Share capital	Equity at 31 December	Profit/loss for the period at 31 December
Automotive Management Services FZ-LLC (Sharjah)	25%	27	198	-57
			198	**-57**

Receivables from subsidiaries and shareholders
at 31 December

USD'000	Group		Parent company	
	2018	2017	2018	2017
Carrying amount at 1 January	726	0	4.621	3.310
Additions for the year	-50	726	360	1.311
Carrying amount at 31 December	**676**	**726**	**4.981**	**4.621**

Receivables from shareholders amounting to USD Nil thousand (2016: USD 159 thousand)

Notes to the financial statements

Notes USD'000

4 FINANCIAL INCOME AND EXPENSES

	Group		Parent company	
	2018	2017	2018	2017
Financial income				
Interest income from subsidiaries	4	14	212	133
Other financial income	12	4	12	0
	16	**18**	**223**	**133**
Financial expenses				
Interest expenses to subsidiaries	0	0	0	0
Interest expenses to shareholders	0	0	0	0
Other interest expenses	744	457	37	39
Other financial expenses	5	112	5	34
	749	**569**	**42**	**74**

5 CORPORATION TAX PAYABLE

	Group		Parent company	
	2018	2017	2018	2017
Corporation tax payable at 1 January	337	294	0	0
Tax on profit for the year	53	361	0	0
Correction previous years	4	0	0	0
Tax paid during the year	-304	-409	0	0
Corporation tax deferred	0	91	0	0
Corporation tax payable at 31 December	89	337	0	0

6 DISCONTINUED OPERATIONS

	Group		Parent company	
	2018	2017	2018	2017
Operations:				
Revenue	10.622	0	0	0
Direct costs	9.438	0	0	0
Contribution margin from discountinued operations	**1.184**	**0**	**0**	**0**
Other income	0	0	0	0
Other costs	114	0	0	0
Gross profit from discontinued operations	**1.070**	**0**	**0**	**0**
Sales and distribution costs	25	0	0	0
Administrative expenses	2.770	0	0	0
Impairments and amortisation on goodwill	0	0	0	0
Operating loss from discontinued operations	**-1.725**	**0**	**0**	**0**
Profit/loss after tax in subsidiaries	0	0	-697	0
Financial income	149	0	0	0
Financial expenses	302	0	0	0
Loss before tax from discontinued operations	**-1.878**	**0**	**-697**	**0**
Tax on profit for the year from discontinued operations	102	0	0	0
Loss after tax from discontinued operations	**-1.775**	**0**	**-697**	**0**
Minority Share	143		143	
Deconsolidation:				
Deconsolidation of equity in discontinues operations	-106	0	0	0
Loss of capital contribution	0	0	0	0
Loss for the year from discontinued operations	**-2.025**	**0**	**-840**	**0**

7 PREPAYMENTS

Prepayments comprise payments in advance for rent of operating facility, offices, insurance, etc.

8 Deferred tax asset

At 31 December 2018, the group has nil balance in Deferred tax assets.

Notes to the financial statements

Notes USD'000

9 NON-CURRENT LIABILITIES

	Group 2018	Group 2017	Parent company 2018	Parent company 2017
Liabilities are allocated as follows:				
Loans				
Short-term		2.964	0	0
Long-term	40	2.964	0	0
Total liabilities	40	5.928	0	0
Liabilities are included in the balance sheet as follows:				
Current liabilities	0	2.964	0	0
Non-current liabilities	40	2.964	0	0
	40	5.928	0	0
Liabilities' payment plan:				
More than 5 years	0	0	0	0
2-5 years	40	2.964	0	0
0-1 years	0	2.964	0	0
	40	5.928	0	0

10 OTHER PAYABLES

	Group 2018	Group 2017	Parent company 2018	Parent company 2017
Staff payables	4.290	3.676	949	733
Current Portion of long-term loan	0	2.964	0	0
Other payables	4.924	4.694	95	378
	9.214	**11.334**	**1.044**	**1.111**

Other payables include pre-billed parts not yet delivered, accrued VAT, GST and other public taxes and other creditors, etc.

Notes USD'000

11 CHARGES, COLLATERAL AND CONTINGENT LIABILITIES

Group

The Group has provided bank guarantees to customers at a total value of USD 117 thousand.

At the balance sheet date, the Group's noncancelable rent payments amounted to USD 0 thousand.

Parent company

The parent company has provided guarantee for the bank debt of Automotive Management Service FZ LLC.

As collateral for the Group's bank balances, shares in the subsidiary Automotive Management Service FZ LLC worth AED 1,000,000 are deposited in the bank at a carrying amount of USD 17.9 million

Notes to the financial statements

12 FEES FOR AUDITORS APPOINTED AT ANNUAL GENERAL MEETING

	Group		Parent company	
	2018	2017	2018	2017
Total fee to Ernst & Young	203	423	121	354
Audit fees	125	99	43	42
Tax consultancy services	2	25	2	13
Other fees	76	299	76	299
	203	423	121	354

13 EMPLOYEES

	Group		Parent company	
	2018	2017	2018	2017
Wages, salaries and remuneration	28.182	24.507	1.576	2.404
Pension contributions	41	60	0	0
Other social security costs	372	648	17	24
Other staff costs	6.702	7.458	175	234
	35.296	**32.674**	**1.768**	**2.661**
Remuneration to the Board of Directors and the Executive Board	607	690	607	690
Average number of employees in the period was	**3.134**	**2.082**	**7**	**9**

14 RELATED PARTY DISCLOSURES

Section 98c(7) of the Danish Financial Statements Act is applied regarding related party transactions

The related parties of Omni Technical Solutions A/S are:

Related parties exercising significant influence

Related parties exercising significant influence comprise the subsidiary, as mentioned in note 1, shareholders, the Group's Board of Directors and the Executive Boards, executive employees and their family members. Further, other companies in which the above persons have substantial interests.

Subsidiaries

The Group's subsidiaries are as follows:
Automotive Management Service FZ LLC, Dubai, UAE, 100%
CSPT Automotive Solutions FZE, Dubai, UAE, 100%
AMS MS FZE, Dubai, UAE, 100%

15 PROFIT AND LOSS APPROPRIATED AS FOLLOWS:

	Parent company	
	2018	2017
Transferred to next year	-264	-139
Paid Interim dividend	0	12.000
Transferred to reserve according to the equity method	-1.043	-4.095
	-1.307	**7.766**