Baagøe | Schou
statsautoriseret revisionsaktieselskab

eConscribi International ApS

Brogårdsvej 28, 2820 Gentofte

Company reg. no. 33 86 19 15

Annual report

1 October 2016 - 30 September 2017

The annual report have been submitted and approved by the general meeting on the 16 April 2018.

Bjørn von Herbst
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

The managing director has today presented the annual report of eConscribi International ApS for the financial year 1 October 2016 to 30 September 2017.

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

I consider the accounting policies used appropriate, and in my opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 30 September 2017 and of the company's results of its activities in the financial year 1 October 2016 to 30 September 2017.

I am of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Gentofte, 16 April 2018

Managing Director

Bjørn von Herbst

To the shareholders of eConscribi International ApS

Auditor's report on the annual accounts

Adverse opinion

We have audited the annual accounts of eConscribi International ApS for the financial year 1 October 2016 to 30 September 2017, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

Due to the significance of the matter described in the paragraph "Basis for adverse opinion", it is our opinion that the annual accounts do not give a true and fair view in accordance with the Danish Financial Statements Act, neither of the company's assets, liabilities and financial position at 30 September 2017 nor of the results of the company's operations for the financial year 1 October 2016 to 30 September 2017.

Basis for adverse opinion

The financial statements have been prepared on the basis of going concern. As noted in Note X, it is a prerequisite for the company's continued operation that new capital is added and that there are new collaborators and that the company's current credit facilities can be expanded and maintained in line with the financing requirement. The company's management has conducted a number of negotiations with various investors and investors. These negotiations have so far been unsuccessful. We therefore take the reservation that the financial statements have been prepared on the basis of going concern.

We have not been able to obtain sufficient and appropriate audit evidence for the carrying amount of the company's intangible assets. Based on an assessment of the company’s level of activity and earnings as well as the use of the intangible assets in the financial year and the time to the date of our auditor’s report, we believe that there are indications of impairment. Management has not generated a sufficient and appropriate documentation that may justify that such impairment is not present, and we therefore take reservations about the value of the recognized intangible assets.

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section “Auditor’s responsibilities for the audit of the annual accounts”. We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Material uncertainties concerning the enterprise's ability to continue as a going concern

The management's responsibilities for the annual accounts

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

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management’s preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management’s review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the annual accounts, our responsibility is to read the management’s review and in that connection consider whether the management’s review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Declarations under other legislation and other regulations

The VAT Act

Without taking a qulified opinion we shall inform that the company during the year contrary to the VAT Act has not filed VAT return to the tax authorities in due time, of which the management may be held liable.

The Withholding Tax Act

Without taking a qulified opinion we shall inform that the company during the year contrary to the withholding tax Act has not filed withhold tax on wages to the tax authorities in due time, of which the management may be held liable.

The Danish Statements Act

Without taking a qulified opinion we shall inform that the company contrary to the Danish Statements Act has not filed the Annual Report in due time, of which the management may be held liable.

Copenhagen, 16 April 2018

Baagøe | Schou
State Authorised Public Accountants
Company reg. no. 21 14 81 48

Torben B. Petersen
State Authorised Public Accountant

Company data

The company	eConscribi International ApS Brogårdsvej 28 2820 Gentofte	
	Company reg. no.	33 86 19 15
	Financial year:	1 October - 30 September
Managing Director	Bjørn von Herbst	
Auditors	Baagøe | Schou statsautoriseret revisionsaktieselskab Fiolstræde 44, 3. th. 1171 København K	
Parent company	Austrodan Holding ApS, Gentofte, Group parant company eCconscribi Holding ApS, Gentofte	

The principal activities of the company

The significant activities of the company includes software development and ownership of software licenses and investments in securities.

Uncertainties as to recognition or measurement

Referring to the comments in note No. 1, there is significant uncertainty with the valuation of the company's intangible assets tDKK 3.340. The value depends on whether the company begun profitable activities in 2017/18 or alternatively have disposed of the intangible assets.

Development in activities and financial matters

During the financial year 2012/13 the company has stopped the cooperation with their Danish sales agent which has result in a significant reduction in the activity of the company. Currently the company makes an effort to provide the company with a new international sales strategy. With the currently available cash flow the management estimates that these measures will be implemented by the end of the financial year of 2017/18.

To ensure the implementation of the new strategy, the parent company has given a letter of postponement to the company. Furthermore the group parent company has given a letter of support to the company to provide with sufficient funds for the future activity until the end of the financial year of 2017/18.

Based on these assumptions the annual report has been prepared based on a going concern assumption.

Events subsequent to the financial year

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

The annual report for eConscribi International ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

The profit and loss account

Gross profit

The gross profit comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs.

The net turnover comprises the value of services provided during the year, including outlay for customers less VAT and price reductions directly associated with the sale.

The turnover is recognised in the profit and loss account when the sale has been completed. This is generally considered to be the case when:

- The service has been provided before the end of the financial year
- There is a binding sales agreement
- The sales price has been determined
- The payment has been received, or it can with reasonable assurance be expected to be received.

Hereby, it is ensured that recognition does not take place until the total income and costs as well as the scope of completion on the balance sheet date can be determined reliably, and when it is likely that the economic benefits, including payments, will be received by the enterprise.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Intangible fixed assets

Development projects, patents, and licences

Development costs and internally generated rights are recognised in the profit and loss account as costs in the acquisition year.

Patents and licenses are measured at cost with deduction of accrued amortisation. Patents are amortised on a straight-line basis over the remaining patent period, and licenses are amortised over the contract period, however, for a maximum of 10 years.

Gain and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price with deduction of sales costs and the book value at the time of the sale. Gain or loss are recognised in the profit and loss account as other operating income or other operating expenses respectively.

Tangible fixed assets

Other tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

	Useful life
Other plants, operating assets, fixtures and furniture	*3-5 years*

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Available funds

Available funds comprise cash at bank and in hand.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, eConscribi International ApS is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

Also capitalised residual leasing liabilities in connection with financial leasing contracts are recognised in the financial liabilities.

Liabilities are measured at amortised cost which usually corresponds to the nominal value.

Profit and loss account 1 October - 30 September

Amounts concerning 2016/17: DKK.
Amounts concerning 2015/16: DKK in thousands.

Note		2016/17	2015/16
	Gross profit	**50.713**	**-140**
3	Staff costs	-55.089	-183
	Amortisation and writedown relating to intangible fixed assets	-660.000	-666
	Operating profit	**-664.376**	**-989**
	Other financial costs	-10	-1
	Results before tax	**-664.386**	**-990**
4	Tax on ordinary results	0	0
	Results for the year	**-664.386**	**-990**
	Proposed distribution of the results:		
	Allocated from results brought forward	-664.386	-990
	Distribution in total	**-664.386**	**-990**

Balance sheet 30 September

Amounts concerning 2017: DKK.
Amounts concerning 2016: DKK in thousands.

Note	Assets	2017	2016
	Fixed assets		
5	Development projects in progress and prepayments for intangible fixed assets	3.340.441	4.000
	Intangible fixed assets in total	3.340.441	4.000
6	Other plants, operating assets, and fixtures and furniture	0	0
	Tangible fixed assets in total	0	0
	Fixed assets in total	**3.340.441**	**4.000**
	Current assets		
	Other debtors	0	9
	Debtors in total	0	9
	Available funds	0	1
	Current assets in total	**0**	**10**
	Assets in total	**3.340.441**	**4.010**

Balance sheet 30 September

Amounts concerning 2017: DKK.
Amounts concerning 2016: DKK in thousands.

Equity and liabilities

Note		2017	2016
	Equity		
	Contributed capital	235.290	235
7	Results brought forward	2.238.162	2.903
	Equity in total	**2.473.452**	**3.138**
	Liabilities		
	Bank debts	346	0
	Trade creditors	611.660	611
	Debt to group enterprises	249.462	261
	Other debts	5.521	0
	Short-term liabilities in total	866.989	872
	Liabilities in total	**866.989**	**872**
	Equity and liabilities in total	**3.340.441**	**4.010**

1 Uncertainties concerning the enterprise's ability to continue as a going concern

2 Uncertainties concerning recognition and measurement

8 Mortgage and securities

9 Contingencies

Notes

Amounts concerning 2016/17: DKK.
Amounts concerning 2015/16: DKK in thousands.

1. Uncertainties concerning the enterprise's ability to continue as a going concern

During the financial year 2012/13 the company has stopped the cooperation with their Danish sales agent which resulted in a significant reduction in the activity of the company. Currently the company makes an effort to provide the company with a new international sales strategy. With the currently available cash flow the management estimates that these measures will be implemented by the end of the financial year of 2017/18.

To ensure the implementation of the new strategy, the parent company has given a letter of postponement to the company. Furthermore the group parent company has given a letter of support to the company to provide with sufficient funds for the future activity until the end of the financial year of 2017/18.

Based on these assumptions the annual report has been prepared based on a going concern assumption.

2. Uncertainties concerning recognition and measurement

Referring to the comments in note No. 1, there is significant uncertainty with the valuation of the company's intangible assets tDKK 3.340. The value depends on whether the company begin profitable activities in 2017/18 or alternatively will disposed of the intangible assets.

	2016/17	2015/16
3. Staff costs		
Salaries and wages	53.850	175
Other costs for social security	1.239	8
	55.089	**183**

	2016/17	2015/16
4. Tax on ordinary results		
Tax of the results for the year, parent company	0	0
Adjustment for the year of deferred tax	0	0
	0	**0**

Notes

Amounts concerning 2016/17: DKK.
Amounts concerning 2015/16: DKK in thousands.

5. Development projects in progress and prepayments for intangible fixed assets

Cost 1 October 2016	6.530.441	6.530
Cost 30 September 2017	**6.530.441**	**6.530**
Amortisation and writedown 1 October 2016	-2.530.000	-1.870
	-660.000	-660
Amortisation and writedown 30 September 2017	**-3.190.000**	**-2.530**
Book value 30 September 2017	**3.340.441**	**4.000**

6. Other plants, operating assets, and fixtures and furniture

Cost 1 October 2016	19.164	19
Cost 30 September 2017	**19.164**	**19**
Depreciation and writedown 1 October 2016	-19.164	-13
	0	-6
Depreciation and writedown 30 September 2017	**-19.164**	**-19**
Book value 30 September 2017	**0**	**0**

7. Results brought forward

Results brought forward 1 October 2016	2.902.548	3.893
Profit or loss for the year brought forward	-664.386	-990
	2.238.162	**2.903**

8. Mortgage and securities

No Mortages, pladges or collaterals rest with the company etc.

Notes

Amounts concerning 2016/17: DKK.
Amounts concerning 2015/16: DKK in thousands.

9. Contingencies

Joint taxation

Austrodan Holding ApS, company reg. no 29 14 57 09 being the administration company, the company is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The jointly taxed enterprises' total, known net liability to the Danish tax authorities appears from the annual accounts of the administration company.