

No Lemon Invest A/S

Gothersgade 175, 2nd floor left, 1123 Copenhagen K

CVR no. 33 95 22 52

Annual report 2018

Approved at the Company's annual general meeting on 31 May 2019

Chairman:

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Mikael Konnerup





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Statement by Management on the annual report

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of No Lemon Invest 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.

Copenhagen, 31 May 2019
Executive Board:

Lars Blavnsfeldt
CEO

Board of Directors:

Mikael Konnerup
Chairman

Martin Dyhrberg Rasmussen

Lars Blavnsfeldt

Independent auditor's report

To the shareholders of No Lemon Invest A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of No Lemon Invest A/S for the financial year 1 January – 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, 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.

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.

Independent auditor's report

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.

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.

Independent auditor's report

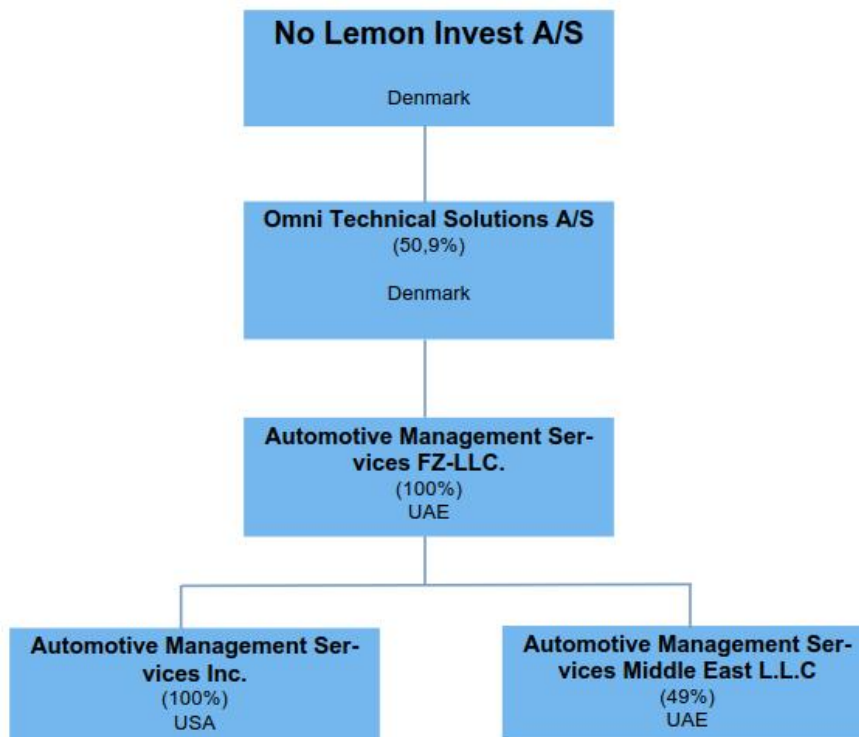
Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Odense, 31 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

Group chart



Related parties

No Lemon Invest A/S' related parties comprise the following:

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

Industri Udvikling II K/S, Gothersgade 175, 2nd floor left, 1123 Copenhagen K

Dico ApS, Ubberødvej 38, 2970 Hørsholm

Fortitudo Group Limited, c/o Legalinx Limited 1 Fetter Lane, London, EC4A 1BR, United Kingdom

Auchentoshan Limited, Abercorn House, 79 Renfrew Road, Paisley, Renfrewshire, PA3 4ADA, United Kingdom

Management's review

Financial highlights for the Group

In USD'000	2018	2017
Key figures		
Revenue	143,718	179,794
Operating profit	1,699	14,692
Profit/loss from net financials	-691	-513
Profit/loss for the year	-1,132	7,566
Non-current assets		
Current assets	22,994	19,442
Total assets	47,176	59,833
Equity	70,170	79,275
Non-current liabilities	12,261	18,895
Current liabilities	40	2,964
	46,760	45,769
Cash flows		
Cash flows from operating activities	-1,079	9,391
Cash flow from investing activities	-791	-1,787
Cash flows from financing activities	-8,924	-2,910
Total cash flows	-10,794	4,694
Financial ratios		
Profit margin	1.2	4.7
Return on investment	0.0	9.5
Return on equity	0.0	40.0
Solvency ratio	33.3	38.5
Average number of full-time employees		
	3,135	2,083

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

The financial ratios stated under "Financial highlights" have been calculated as follows:

$$\text{Profit margin} = \frac{\text{Operating profit (EBIT)} \times 100}{\text{Revenue}}$$

$$\text{Return on investment} = \frac{\text{Profit/loss for the year excl. non-controlling interests} \times 100}{\text{Average Assets}}$$

$$\text{Return on equity} = \frac{\text{Profit/loss for the year excl. non-controlling interests} \times 100}{\text{Average equity excl. non-controlling interests}}$$

$$\text{Solvency ratio} = \frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$$

Management's review

Business review

The business foundation for No Lemon Invest Group 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.

Performance for the year

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

In 2018, operating profit for the year/EBIT in No Lemon Invest 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 1.8 million.

By the end of 2018, total trade receivables in the Group amounted to USD 11.7 million.

Total inventories amounted to USD 1.6 million at the end of 2018.

The non current liabilities at year end came at USD 40 thousands.

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.

Liquidity and capital resources

At 31 December 2018, the Group's equity amounted to USD 23.4 million, representing 33.3% 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.

Management's review

General risks

The Group is exposed to the political 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 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.

CSR

The Group's primary areas of business are 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.

The Group 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.

No Lemon Invest A/S 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.

The Group are aware of the risks of breaches to human rights in connection with its 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.

The Group, 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 approach 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.

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.

No Lemon Invest' Board of Directors of 3 members is elected by the shareholders, and Management has no influence on the choice of these.

No Lemon Invest 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 change in incumbents in the Board of Directors as a resolution was proposed and adopted to re-elect the existing members, since there were no suitable alternative candidates.

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.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Income statement

Note	USD'000	Group		Parent	
		2018	2017	2018	2017
	Revenue	143,718	179,794	0	0
	Direct costs	-116,358	-123,138	0	0
	Gross margin	27,360	56,656	0	0
	Sales and distribution costs	-132	-481	0	0
2	Administrative expenses	-25,529	-41,483	-11	-156
	Operating profit/loss	1,699	14,692	-11	-156
	Other operating expenses	-196	-6,218	0	0
	Profit/loss before net financials	1,503	8,474	-11	-156
	Share of net profit/loss in subsidiaries	0	0	-665	4,846
	Share of net profit/loss in associates	-14	57	0	0
3	Financial income	21	21	42	38
4	Financial expenses	-712	-534	0	0
	Profit/loss before tax	798	8,018	-634	4,728
5	Tax for the year	-155	-452	0	0
6	Profit/loss for the year from discontinued operations	-1,775	0	0	0
	Profit/loss for the year	-1,132	7,566	-634	4,728
Breakdown of the consolidated results of operations:					
	Shareholders, No Lemon Invest A/S	-634	4,728		
	Non-controlling interests	-498	2,838		
		-1,132	7,566		

Consolidated financial statements and parent company financial statements

1 January – 31 December

Balance sheet

Note	USD'000	Group		Parent	
		2018	2017	2018	2017
	ASSETS				
	Non-current assets				
7	Intangible assets				
	Goodwill	10,181	11,379	0	0
	Other intangible assets	1,801	2,473	0	0
		11,982	13,852	0	0
8	Property, plant and equipment				
	Leasehold improvements	419	131	0	0
	Technical equipment and fixtures	458	653	0	0
	Company cars	267	456	0	0
		1,144	1,240	0	0
	Other non-current assets				
9	Equity investments in subsidiaries	0	0	11,517	12,182
10	Equity investments in associates	47	57	0	0
	Receivables from service contracts etc.	0	4,293	0	0
	Assets of discontinued operations	9,821	0	0	0
		9,868	4,350	11,517	12,182
	Total non-current assets	22,994	19,442	11,517	12,182
	Current assets				
	Inventories	1,550	6,196	0	0
		1,550	6,196	0	0
	Receivables				
	Receivables from service contracts etc.	11,730	21,894	0	0
	Receivables from subsidiaries and shareholders	676	726	418	807
	Other receivables	1,771	2,866	0	0
11	Prepayments	25,952	10,545	0	0
	Deferred tax asset	0	91	0	0
		40,129	36,122	418	807
	Cash	5,497	17,515	422	6,013
	Total current assets	47,176	59,833	840	6,820
	TOTAL ASSETS	70,170	79,275	12,357	19,002

Consolidated financial statements and parent company financial statements

1 January – 31 December

Balance sheet

Note	USD'000	Group		Parent	
		2018	2017	2018	2017
	EQUITY AND LIABILITIES				
	Equity				
	Share capital	384	384	384	384
	Reserve for net revaluation according to the equity method	0	0	0	0
	Treasury shares	-108	-108	0	0
	Reserve for development costs	0	2,015	0	0
	Retained earnings	11,985	16,604	11,877	18,511
	Equity holders' share of equity, No Lemon Invest A/S	12,261	18,895	12,261	18,895
	Non-controlling interests	11,109	11,647	0	0
	Total equity	23,370	30,542	12,261	18,895
	Non-current liabilities				
12	Debt to credit institutions	40	2,964	0	0
	Total non-current liabilities	40	2,964	0	0
	Current liabilities				
	Bank debt	6,990	8,214	0	0
	Trade payables	26,847	25,688	0	0
	Payables to subsidiaries and shareholders	94	96	94	96
13	Income taxes	90	337	0	0
	Other payables	9,217	11,346	2	11
	Prepayments from customers	0	88	0	0
	Liabilities from discontinued operations	3,522	0	0	0
	Total current liabilities	46,760	45,769	96	107
	Total liabilities	46,800	48,733	96	107
	TOTAL LIABILITIES	70,170	79,275	12,357	19,002

- 1 Accounting policies
- 14 Staff costs and incentive plans
- 15 Contractual obligations and contingencies
- 16 Related parties
- 17 Appropriation of profit/loss

Consolidated financial statements and parent company financial statements 1 January – 31 December

Statement of changes in equity

		Group						
Note	USD'000	Share capital	Retained earnings	Treasury shares	Reserve for development costs	Total	Non-controlling interests	Total equity
	Equity at 1 January 2017	370	13,105	0	0	13,475	0	13,475
	Transfer, see "Appropriation of profit/loss"	0	2,821	-108	2,015	4,728	0	4,728
	Additions	14	678	0	0	692	11,647	12,339
	Equity at 1 January 2018	384	16,604	-108	2,015	18,895	11,647	30,542
	Dividend distribution	0	-6,000	0	0	-6,000	0	-6,000
	Transfer, see "Appropriation of profit/loss"	0	1,381	0	-2,015	-634	-498	-1,132
	Additions	0	0	0	0	0	-40	-40
	Equity at 31 December 2018	384	11,985	-108	0,0	12,261	11,109	23,370

Treasury shares

Treasury shares related to Omni Technical Solutions A/S amount to 63,000 shares of a nominal amount of DKK 1, which is equivalent to 0.30% of the total share capital in the company.

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.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Statement of changes in equity

		Parent			
Note	USD'000	Share capital	Net revaluation acc. to the equity method	Retained earnings	Total
	Equity at 1 January 2017	370	0	13,105	13,475
17	Transfer, see "Appropriation of profit/loss"	0	0	4,728	4,728
	Additions	14	0	678	692
	Equity at 1 January 2018	384	0	18,511	18,895
	Dividend distribution	0	0	-6,000	-6,000
17	Transfer, see "Appropriation of profit/loss"	0	0	-634	-634
	Additions	0	0	0	0
	Equity at 31 December 2018	384	0	11,877	12,261

The share capital comprises 2,127,043 shares of a nominal amount of DKK 1. No shares carry special rights.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Cash flow statement

Note	USD'000	Group	
		2018	2017
	Cash flows from operating activities		
	Profit before tax	798	8,018
	Profit/loss for the year from discontinued operations	-1,775	0
	Depreciation/amortisation for the year	2,478	2,176
	Loss on disposal of property and equipment	70	74
	Paid taxes	-180	-499
	Funds generated from operations	1,391	9,769
	Change in inventory	196	2,281
	Change in receivables, prepayments	-10,889	-14,026
	Change in receivables from and payables to subsidiaries and shareholders	49	-669
	Change in trade payables	4,187	7,446
	Change in other payables, prepayments/deferred income, etc.	2,724	4,590
	Net Cashflow attributed to operating activities from discontinuing operations	1,267	0
	Cash flows from operating activities	-1,079	9,391
	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 from discontinuing operations	-41	0
	Cash flows from investing activities	-791	-1,787
	Financing activities		
	Dividends paid	-6,000	-5,874
	Non-current liabilities	40	2,964
	Net Cashflow attributed to financing activities from discontinuing operations	-2,964	0
	Cash flows from financing activities	-8,924	-2,910
	Change in net cash funds for the year	-10,794	4,694
	Cash and cash equivalents, beginning of year	9,301	4,607
	Change in net cash funds	-10,794	4,694
	Cash and cash equivalents, year-end	-1,493	9,301

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

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of No Lemon Invest 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 Company operates with USD as its operational functional currency as the subsidiary presents its annual report in USD. Accordingly, this annual report has been presented in USD.

The DKK/USD exchange rate applied was 6.5194 at 31 December 2018 and 6.2077 at 1 January 2018.

The financial statements have been prepared in accordance with the same accounting policies as last year, except that last year the annual report was prepared in accordance with reporting class B. The change in reporting class has not affected the comparative figures.

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company No Lemon Invest A/S and subsidiaries controlled by No Lemon Invest A/S.

Control means the power to exercise decisive influence over a subsidiary's financial and operating decisions. Moreover, the possibility of yielding a return from the investment is required.

In assessing if the Parent Company controls an entity, de facto control is taken into consideration as well.

The existence of potential voting rights which may currently be exercised or converted into additional voting rights is considered when assessing if an entity may become empowered to exercise decisive influence over another entity's financial and operating decisions.

Significant influence

Entities over whose financial and operating decisions the group exercises significant influence are classified as associates. Significant influence is assumed to exist if the Parent Company directly or indirectly holds or controls 20% or more of the voting power of the investee, but does not control the investee.

The existence of potential voting rights which may currently be exercised or converted into voting rights is considered when assessing if significant influence exists.

Joint arrangements

Joint arrangements are activities or entities of which the group and one or more other parties have joint control based on cooperation agreements. Joint control implies that decisions on relevant activities require unanimous consent among the parties jointly controlling the arrangement.

Jointly controlled arrangements are classified either as joint operations or joint ventures. Joint operations are activities where the participants have direct rights over assets and are subject to direct liability, whereas joint ventures are activities where the participants solely have rights over the net assets.

The Management's review includes a group chart.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Preparation of consolidated financial statements

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. Unrealised gains on transactions with associates are eliminated in proportion to the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains unless they do not reflect impairment.

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, but are disclosed separately.

Acquisitions and disposals of non-controlling interests which are still controlled are recognised directly in equity as a transaction between shareholders.

Equity investments in associates and joint ventures are recognised in the consolidated financial statements using the equity method.

The Group's activities in joint operations are recognised in the consolidated financial statements on a line-by-line basis.

Business combinations

Recently acquired entities are recognised in the consolidated financial statements from the date of acquisition. Entities sold or otherwise disposed of are recognised up to the date of disposal. Comparative figures are not restated to reflect newly acquired entities.

The date of acquisition is the date when the Group actually obtains control of the acquiree.

The purchase method is applied to acquisitions of new businesses over which the Group obtains control. The acquired businesses' identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax related to the revaluations is recognised.

Positive differences (goodwill) between, on the one hand, the consideration for the acquiree, the value of non-controlling interests in the acquired entity and the fair value of any previously acquired equity investments and, on the other hand, the fair value of the assets, liabilities and contingent liabilities acquired are recognised as goodwill under "Intangible assets". Goodwill is amortised on a straight-line basis in the income statement based on an individual assessment of the economic life of the asset.

Negative differences (negative goodwill) are recognised in the income statement at the date of acquisition.

Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for impairment testing. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency different from the presentation currency used in the consolidated financial statements are accounted for as assets and liabilities belonging to the foreign entity and are, on initial recognition, translated into the foreign entity's functional currency using the exchange rate at the transaction date.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

The consideration paid for an entity consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. If part of the consideration is contingent on future events or compliance with agreed terms, such part of the consideration is recognised at fair value at the date of acquisition. Subsequent adjustments of contingent considerations are recognised in the income statement.

Expenses incurred to acquire entities are recognised in the income statement in the year in which they are incurred.

Where, at the date of acquisition, the identification or measurement of acquired assets, liabilities, contingent liabilities or the determination of the consideration is associated with uncertainty, initial recognition will take place on the basis of provisional values. If it turns out subsequently that the identification or measurement of the purchase consideration, acquired assets, liabilities or contingent liabilities was incorrect on initial recognition, the statement will be adjusted retrospectively, including goodwill, until 12 months after the acquisition, and comparative figures will be restated. Hereafter, any adjustments are recognised as misstatements.

Gains or losses from divestment or winding-up of subsidiaries which imply that control is no longer maintained are calculated as the difference between, on the one hand, the selling price less selling expenses and, on the other hand, the proportionate share of the carrying amount of net assets. If the entity still holds equity investments in the divested entity, the remaining proportionate share of the carrying amount forms the basis for the measurement of equity investments in associates or securities and equity investments.

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.

In the former scenario, goodwill relating to the non-controlling interests' share in the acquired entity is thus recognised, while, in the latter scenario, goodwill relating to the non-controlling interests' share is not recognised. Measurement of non-controlling interests is chosen on a transaction-by-transaction basis.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated 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 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.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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.

On recognition of foreign subsidiaries which are integral entities, monetary items are translated at closing rates. Non-monetary items are translated at the exchange rates at the acquisition date or at the date of any subsequent revaluation or impairment of the asset. Income statement items are translated at the exchange rates at the transaction date, although items derived from non-monetary items are translated at the historical exchange rates applying to the non-monetary items.

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.

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.

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.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Other operating expenses

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

Profit/loss from equity investments in subsidiaries and associates

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries and associates are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries. One proportionate elimination of intra-group gains/losses is made for equity investments in associates.

Shares of profit/loss after tax in associates are recognised in the consolidated income statement after elimination of a proportionate share of unrealised intra-group gains/losses. Consolidated financial statements and parent company financial statements 1 January – 31 December

Financial income and expenses

Financial income and expenses comprise interest income and expenses, gains and losses on securities, 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 Parent Company is subject to the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date when they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The Parent Company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

The tax expense for the year, which comprises the year's current tax charge, joint taxation contributions 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.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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 improvements	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.

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.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Equity investments in subsidiaries and associates

Equity investments in subsidiaries and associates are measured according to the equity method in the parent company financial statements. Equity investments in associates are also measured according to the equity method in the consolidated financial statements.

On initial recognition, equity investments in subsidiaries and associates are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding the consolidated financial statements above.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies in the consolidated financial statements. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries and associates measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Impairment of non-current assets

The carrying amount of intangible assets, property, plant and equipment and equity investments in subsidiaries and associates 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.

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.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

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 assessed for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the country of domicile and credit ratings of the debtors in accordance with the Group's credit 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 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 equity investments in subsidiaries and associates 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 equity investments or a change in accounting estimates.

The reserve cannot be recognised at a negative amount.

Dividend

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

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Income tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on prior-year taxable income and tax paid on account.

Joint taxation contribution payable and receivable is recognised in the balance sheet as "Income tax receivable" or "Income tax payable".

Deferred tax is measured using the balance sheet 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 or on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting neither the profit/loss for the year nor the 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, including the tax base of tax loss carry-forwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

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.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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.

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are subject to only minor risks of changes in value.

Segment information

Segment information is excluded for competitive reasons.

Consolidated financial statements and parent company financial statements

1 January – 31 December

Notes

USD'000	Group		Parent	
	2018	2017	2018	2017
2 Fees paid to auditors appointed at the annual general meeting				
Total fee to EY	213	435	10	12
Fee for statutory audit	135	106	10	7
Fees for tax advisory services	2	25	0	0
Other assistance	76	304	0	5
	<u>213</u>	<u>435</u>	<u>10</u>	<u>12</u>
3 Financial income				
Interest income from subsidiaries	14	14	35	35
Other interest income	7	7	7	3
	<u>21</u>	<u>21</u>	<u>42</u>	<u>38</u>
4 Financial expenses				
Interest expenses, subsidiaries	0	0	0	0
Other interest expenses	-712	-534	0	0
	<u>-712</u>	<u>-534</u>	<u>0</u>	<u>0</u>
5 Tax for the year				
Current tax charge for the year	57	361	0	0
Adjustment of the deferred tax charge for the year	98	91	0	0
	<u>155</u>	<u>452</u>	<u>0</u>	<u>0</u>
6 Discontinued operations				
Operations				
Revenue	10,622	0	0	0
Adjustment of the deferred tax charge for the year	9,438	0	0	0
Contribution margin from discontinued operations	155	0	0	0
Other income	0	0	0	0
Other cost	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
Operating loss from discontinued operations	-1,725	0	0	0
Financial income	149	0	0	0
Financial expenses	302	0	0	0
Loss before tax from discontinued operations	-1,878	0	0	0
Tax on profit for the year from discontinued operations	102	0	0	0
Loss after tax from discontinued operations	<u>-1,775</u>	<u>0</u>	<u>0</u>	<u>0</u>

Consolidated financial statements and parent company financial statements 1 January – 31 December

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7 Intangible assets

USD'000	Group		
	Goodwill	Other intangible assets	Total
Cost at 1 January 2018	24,185	3,200	27,385
Additions	0	98	98
Disposals	0	-249	-249
Cost at 31 December 2018	24,185	3,049	27,234
Amortisation and impairment losses at 1 January 2018	12,806	727	13,533
Amortisation regarding the period's disposals	0	-120	-120
Amortisation	1,198	641	1,839
Amortisation and impairment losses at 31 December 2018	14,004	1,248	15,252
Carrying amount at 31 December 2018	10,181	1,801	11,982
Amortised over	20 years	-	

Amortisation for the year are allocated in the income statement as follows:

Administrative expenses	1,198	641
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Rationale for choice of goodwill amortisation periods

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.

Consolidated financial statements and parent company financial statements 1 January – 31 December

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8 Property, plant and equipment

USD'000	Group			Total
	Leasehold improve- ments	Technical equipment and fixtures	Company cars (technical equipment)	
Cost at 1 January 2018	1,462	3,444	3,009	7,915
Additions	408	187	100	695
Disposals	-376	-2	-103	-481
Carved Out	-77	-204	-343	-624
Cost at 31 December 2018	1,417	3,425	2,663	7,505
Depreciation and impairment losses at 1 January 2018	1,331	2,791	2,553	6,675
Depreciation	67	283	102	452
Disposals	-360	0	-103	-463
Carved out	-40	-107	-156	-303
Depreciation and impairment losses at 31 December 2018	998	2,967	2,396	6,361
Carrying amount at 31 December 2018	419	458	267	1,144
Depreciated over	4 years	5-10 years	2-4 years	

Amortisation for the year are allocated in the income statement as follows:

Administrative expenses	67	283	102
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USD'000	Parent	
	2018	2017
9 Equity investments in subsidiaries		
Cost at 1 January	20,475	21,570
Disposals derived from merger	0	-1,788
Additions	0	693
Cost at 31 December	20,475	20,475
Value adjustments at 1 January	-8,293	-2,520
Disposals derived from merger	0	-3,600
Dividend distribution	0	-6,126
Profit/loss for the year	-665	3,953
Value adjustments at 31 December	-8,958	-8,293
Carrying amount at 31 December	11,517	12,182

Name and registered office	Voting rights and ownership	Profit/loss USD'000	Equity USD'000
Omni Technical Solutions A/S, Copenhagen	50,9%	-1,164	22,626

Consolidated financial statements and parent company financial statements 1 January – 31 December

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USD'000	Group		Parent	
	2018	2017	2018	2017
10 Equity investments in associates				
Cost at 1 January	0	0	0	0
Additions	4	0	0	0
Cost at 31 December	0	0	0	0
Value adjustments at 1 January	57	0	0	0
Profit/loss for the year	-14	57	0	0
Value adjustments at 31 December	43	57	0	0
Carrying amount at 31 December	47	57	0	0

Name and registered office	Voting rights and ownership	Profit/loss USD'000	Equity USD'000
Automotive Management Services Middle East L.L.C.	25 %	57	198

11 Prepayments

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

Consolidated financial statements and parent company financial statements

1 January – 31 December

Notes

USD'000	Group		Parent	
	2018	2017	2018	2017
12 Debt to credit institutions				
Analysis of liabilities:				
Credit institutions				
Long-term	40	2,964	0	0
Short-term	0	0	0	0
	<u>40</u>	<u>2,964</u>	<u>0</u>	<u>0</u>
Total liabilities	<u>40</u>	<u>2,964</u>	<u>0</u>	<u>0</u>
The liabilities are recognised in the balance sheet as follows:				
Non-current liabilities	40	2,964	0	0
Current liabilities	0	0	0	0
	<u>40</u>	<u>2,964</u>	<u>0</u>	<u>0</u>
13 Income taxes payable				
Income taxes payable at 1 January	337	294	0	0
Current tax charge for the year, including jointly taxed subsidiaries	57	361	0	0
Income taxes paid during the year	-304	-409	0	0
Corporation tax deferred	0	91	0	0
Income taxes payable at 31 December	<u>90</u>	<u>337</u>	<u>0</u>	<u>0</u>
14 Staff costs and incentive plans				
Wages and salaries	28,182	24,634	0	127
Pensions	41	60	0	0
Other social security costs	372	648	0	0
Other staff costs	6,702	7,458	0	0
	<u>35,297</u>	<u>32,800</u>	<u>0</u>	<u>127</u>
Remuneration to the Board of Directors and the Executive Board	<u>607</u>	<u>817</u>	<u>0</u>	<u>127</u>
Average number of full-time employees	<u>3,135</u>	<u>2,083</u>	<u>1</u>	<u>1</u>

Consolidated financial statements and parent company financial statements 1 January – 31 December

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15 Contractual obligations and contingencies, etc.

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

The group 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.

16 Related parties

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

USD'000		Parent	
		2018	2017
17	Appropriation of profit/loss		
	Recommended appropriation of profit/loss	0	0
	Dividend proposed for the year	6,000	0
	Paid interim dividends	-6,634	4,728
	Transferred to reserves under equity	-634	4,728