

Motorcare Services Holding A/S

Grønnemosevej 6
5700 Svendborg
Central Business Registration No
34600880

Annual report 2016

The Annual General Meeting adopted the annual report on 10.05.2017

Chairman of the General Meeting



Name: Per Schierning Lundgren

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Entity details

Entity

Motorcare Services Holding A/S
Grønnemosevej 6
5700 Svendborg

Central Business Registration No: 34600880

Founded: 26.06.2012

Registered in: Svendborg

Financial year: 01.01.2016 - 31.12.2016

Board of Directors

Per Schierning Lundgren
Richard Valentin Nijhout
Hans Jørgen Malmose Nyegaard

Executive Board

Richard Valentin Nijhout

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Tværkajen 5
Postboks 10
5100 Odense C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Motorcare Services Holding A/S for the financial year 01.01.2016 - 31.12.2016.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Svendborg, 10.05.2017

Executive Board

Richard Valentin Nijhout

Board of Directors



Per Schierning Lundgren



Richard Valentin Nijhout



Hans Jørgen Malmose
Nyegaard

Independent auditor's report

To the shareholders of Motorcare Services Holding A/S

Opinion

We have audited the financial statements of Motorcare Services Holding A/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary 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 commentary 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 commentary.

Odense, 10.05.2017

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Lars Knage Nielsen
State Authorised Public Accountant

Management commentary

Primary activities

The company's activities consists of owning shares in companies registered in developing countries which are active in the automotive industry.

Development in activities and finances

In 2016 the markets conditions turned out to be more challenging than the year before following the collapse in commodity prices and significant devaluation of the core currencies. The subsidiaries was prepared for this situation and adjusted for the new market situation by accelerating programs to reduce cost and capital employed, while on the same time delivering on its core value proposition with continued high customer satisfaction. The outcome led to a strengthened market position.

Therefore the result for the year was improved by DKK 1.2 million to DKK -1.4 million and considered satisfactory under the given market conditions.

For 2017 a result is expected which is better than 2016.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Other operating income	1	0	374
Other external expenses		<u>(89.961)</u>	<u>(91)</u>
Operating profit/loss		(89.961)	283
Income from investments in group enterprises		(1.410.750)	(2.559)
Other financial income		56.738	1
Other financial expenses	2	<u>(10.687)</u>	<u>(55)</u>
Profit/loss before tax		(1.454.660)	(2.330)
Tax on profit/loss for the year	3	<u>10.000</u>	<u>(312)</u>
Profit/loss for the year		<u>(1.444.660)</u>	<u>(2.642)</u>
Proposed distribution of profit/loss			
Retained earnings		<u>(1.444.660)</u>	<u>(2.642)</u>
		(1.444.660)	(2.642)

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Investments in group enterprises		24.745.300	22.245
Fixed asset investments	4	24.745.300	22.245
Fixed assets		24.745.300	22.245
Receivables from group enterprises		1.296.216	1.537
Deferred tax		72.000	72
Income tax receivable		10.000	0
Receivables		1.378.216	1.609
Cash		1.415.834	8.201
Current assets		2.794.050	9.810
Assets		27.539.350	32.055

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Contributed capital	5	35.188.560	35.189
Retained earnings		<u>(8.166.560)</u>	<u>(3.783)</u>
Equity		<u>27.022.000</u>	<u>31.406</u>
Payables to group enterprises		481.090	329
Income tax payable		23.760	307
Other payables		<u>12.500</u>	<u>13</u>
Current liabilities other than provisions		<u>517.350</u>	<u>649</u>
Liabilities other than provisions		<u>517.350</u>	<u>649</u>
Equity and liabilities		<u>27.539.350</u>	<u>32.055</u>
Contingent liabilities	6		
Related parties with controlling interest	7		
Group relations	8		

Statement of changes in equity for 2016

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	35.188.560	(3.782.640)	31.405.920
Exchange rate adjustments	0	(2.939.260)	(2.939.260)
Profit/loss for the year	0	(1.444.660)	(1.444.660)
Equity end of year	35.188.560	(8.166.560)	27.022.000

Notes

	2016	2015
	DKK	DKK'000
1. Other operating income		
Management fees from group enterprises	0	374.496
	0	374.496
2. Other financial expenses		
Financial expenses from group enterprises	10.687	12
Other financial expenses	0	43
	10.687	55
3. Tax on profit/loss for the year		
Tax on current year taxable income	(10.000)	307
Effect of changed tax rates	0	5
	(10.000)	312
4. Fixed asset investments		Investments in group enterprises DKK
Cost beginning of year		24.785.610
Additions		6.850.000
Cost end of year		31.635.610
Impairment losses beginning of year		(2.540.300)
Exchange rate adjustments		894.320
Adjustments on equity		(3.833.580)
Share of profit/loss for the year		(1.410.750)
Impairment losses end of year		(6.890.310)
Carrying amount end of year		24.745.300

Notes

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>
Investments in group enterprises comprise:			
Motorcare Services Lda.	Maputo, Mozambique	Lda.	40,0
Motorcare Services Ltd.	Kampala, Uganda	Ltd.	40,0

	<u>Number</u>	<u>Par value DKK</u>	<u>Nominal value DKK</u>
5. Contributed capital			
A shares	5.864.760	1	5.864.760
B shares	29.323.800	1	29.323.800
	35.188.560		35.188.560

6. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which The Way Forward ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc. for the jointly taxed companies, also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

The liability, however, does not exceed an amount equalling the share of capital held by the Company, which is owned directly or indirectly by the ultimate parent

7. Related parties with controlling interest

The following are considered related parties with controlling influence on Motorcare Services Holding A/S:

Kjaer Group A/S, Grønnemosevej 6, 5700 Svendborg, Danmark (Business registration no: 81 31 72 16)
IFU – Investment fund for developing countries, Fredericiagade 27, 1310 Copenhagen K, Denmark

8. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Kjaer Group A/S, Business Registration No. 81 31 72 16, Svendborg, Denmark

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

When recognising foreign subsidiaries that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are classified directly as equity.

Accounting policies

Income statement

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for stationery and office supplies etc.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital gains payables and transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on payables and transactions in foreign currencies as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with Parent and its Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax