

# **GP Strategies Denmark ApS**

**Marielundvej 41, 2730 Herlev**

**Company reg. no. 34 70 41 12**

## **Annual report**

**1 January - 31 December 2015**

The annual report have been submitted and approved by the general meeting on the 23 June 2016.

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**Scott Neil Greenberg**  
Chairman of the meeting

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Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

## **Management's report**

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The executive board has today presented the annual report of GP Strategies Denmark ApS for the financial year 1 January to 31 December 2015.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2015 and of the company's results of its activities in the financial year 1 January to 31 December 2015.

We are 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.

Herlev, 23 June 2016

### **Executive board**

Joseph Richard Nasal

Douglas Edward Sharp

Scott Neil Greenberg

## **The independent auditor's reports**

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### **To the shareholders of GP Strategies Denmark ApS**

#### **Report on the annual accounts**

We have audited the annual accounts of GP Strategies Denmark ApS for the financial year 1 January to 31 December 2015, 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.

#### **The management's responsibility 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. Furthermore, the management is responsible for such internal control considered necessary in order to prepare annual accounts that are free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on the annual accounts based on our audit. We conducted our audit in accordance with international standards on auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements in the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of annual accounts that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The audit has not resulted in any qualification.

## **The independent auditor's reports**

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### **Opinion**

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2015 and of the results of the company's operations for the financial year 1 January to 31 December 2015 in accordance with the Danish Financial Statements Act.

### **Statement on the management's review**

Pursuant to the Danish Financial Statements Act, we have read the management's review. We have not performed any further procedures in addition to the performed audit of the annual accounts. On this basis, it is our opinion that the information provided in the management's review is consistent with the annual accounts.

Copenhagen, 23 June 2016

### **Grant Thornton**

Company reg. no. 34 20 99 36

**Brian Rasmussen**  
State Authorised Public Accountant

**Kasper Sone Randrup**  
State Authorised Public Accountant

## **Company data**

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### **The company**

GP Strategies Denmark ApS  
Marielundvej 41  
2730 Herlev

Phone                    46907200  
Fax                        44200801  
Web site                [www.gpstrategies.com](http://www.gpstrategies.com)

Company reg. no.    34 70 41 12  
Domicile:  
Financial year:        1 January - 31 December

### **Executive board**

Joseph Richard Nasal  
Douglas Edward Sharp  
Scott Neil Greenberg

### **Auditors**

Grant Thornton, Statsautoriseret Revisionspartnerselskab  
Stockholmsgade 45  
2100 København Ø

### **Subsidiary**

Effective People A/S, København

## **Management's review**

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### **The significant activities of the enterprise**

GP Strategies Denmark provides engineering and software based solutions to support condition based maintenance, optimization of operational output, and prevention of unexpected equipment breakdown.

The solutions are primarily delivered to and implemented with key accounts within the power production and oil/gas exploration industries worldwide.

### **Uncertainties as to recognition or measurement**

The company delivers project execution together with our clients and a variety of services to support clients in daily operations. Project execution and thereby revenue recognition is by nature more uncertain to predict during the project whereas services are more tangible and reliable in revenue recognition.

### **Development in activities and financial matters**

Although restructuring efforts were made to reduce costs, revenue continued to be far below expectations in 2015, and the fiscal result is a loss of DKK 13 million, which is not satisfactory. The ultimate parent company of GP Strategies Denmark ApS has decided that it will support the operations of the company financially and has issued a letter of support to the company.

DKK 40.000.000 of the intercompany loan with GP Strategies Holdings Ltd. will be subordinated loan capital standing behind other creditors.

Going forward, the company has a considerable lower cost base and a more focused operation on sales and execution. Therefore, management expects to turn the company back to profitability within the next years.

The Effective People business, which was acquired by the company in 2014, had a positive effect on the operations and results of the company in 2015.

### **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.

## **Accounting policies used**

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The annual report for GP Strategies Denmark ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B 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.

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, which are not settled at the date of the balance sheet, are translated by using the closing rate. The difference between the closing rate and the rate at the time of establishment of the receivable or the payable is recognised in the profit and loss account under financial income and financial costs.

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.



## **Accounting policies used**

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### The profit and loss account

#### **Net turnover**

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Contract work in progress concerning construction contracts is recognised concurrently with the progress of the production. Thus the net turnover corresponds to the sales value of the completed productions of the year (the production method). The net turnover is recognised when the total income and costs of the contract and the scope of completion on the balance sheet date can be determined reliably, and when it is likely that the financial benefits will be received by the company.

#### **Cost of sales**

#### **Other external costs**

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, amortisation and writedown for the year and gains and losses on disposal of intangible and tangible fixed assets.

#### **Net financials**

Net financials include interest income, interest expenses, and realised and unrealised capital gains and losses on financial assets and liabilities. Net financials are recognised in the profit and loss account with the amounts concerning the financial year.

Dividend from equity investments in group enterprises is recognised in the financial year where the dividend is declared.

#### **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.

## **Accounting policies used**

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The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises. The company acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable of the income of the Danish consolidated companies is paid to the tax authorities by the company.

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**

#### **Tangible fixed assets**

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown. Land is not depreciated.

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:

Other plants, operating assets, fixtures and furniture	3-4 years
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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 loss is recognised in the profit and loss account under depreciation.

#### **Financial fixed assets**

##### **Equity investments in group enterprises**

Equity investments in group enterprises are measured at cost. In case the recoverable amount is lower than the cost, writedown takes place to this lower value.

## **Accounting policies used**

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### **Inventories**

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The cost for manufactured goods and works in progress comprises the cost for raw materials, consumables, direct wages, and direct production costs. Indirect production costs are not included in the cost.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

### **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.

### **Work in progress for the account of others**

Work in progress for the account of others is measured at the market value of the work performed. The market value is measured on basis of the scope of completion on the balance sheet date and the total expected income from the individual work in progress.

When the market value of a contract can not be determined reliably, the sales value is measured at the costs incurred or at the net realisable value, if this is lower.

The individual work in progress is recognised in the balance sheet under debtors or liabilities, depending on the net value of the sales price with deduction of prepayments and amounts invoiced on account.

Costs in connection with sales work and the achievement of contracts are recognised in the profit and loss account when incurred.

### **Accrued income and deferred expenses**

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

### **Available funds**

Available funds comprise cash at bank and in hand.

## **Accounting policies used**

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### **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.

GP Strategies Denmark ApS is jointly taxed with the Danish group companies and acts in this respect as the administration company. According to the rules of joint taxation, GP Strategies Denmark 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.

Payable and receivable joint taxation contributions are recognised in the balance sheet as "Receivable corporate tax" or "Payable corporate tax".

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

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. In the period 2014 to 2016, the corporate tax rate will be reduced gradually from 25 % to 22 %, which will affect the deferred tax liabilities and deferred tax assets. Unless a recognition with a different tax rate than 22 % will result in a significant material deviation in the estimated deferred tax liability or tax asset, deferred tax liabilities and assets are recognised by 22 %.

### **Liabilities**

Financial liabilities related to borrowings are recognised at the received proceeds with the deduction of transaction costs incurred. In following periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value by use of the effective interest. The difference between the proceeds and the nominal value is recognised in the profit and loss account during the term of the loan.

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

### **Accrued expenses and deferred income**

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.

**Profit and loss account 1 January - 31 December**

All amounts in DKK.

<u>Note</u>	<u>2015</u>	<u>2014</u>
Net turnover	6.968.808	4.480.107
Raw materials and consumables used	-393.012	-4.430.444
Other external costs	-3.574.138	-5.404.893
<b>Gross results</b>	<b>3.001.658</b>	<b>-5.355.230</b>
2 Staff costs	-7.673.041	-6.756.123
Depreciation and writedown relating to tangible fixed assets	-198.376	-169.120
<b>Operating profit</b>	<b>-4.869.759</b>	<b>-12.280.473</b>
Income from equity investments in group enterprises	8.000.000	0
Other financial income	99.707	287.076
3 Other financial costs	-18.187.596	-2.928.233
<b>Results before tax</b>	<b>-14.957.648</b>	<b>-14.921.630</b>
4 Tax on ordinary results	1.747.293	0
<b>Results for the year</b>	<b>-13.210.355</b>	<b>-14.921.630</b>
<b>Proposed distribution of the results:</b>		
Allocated from results brought forward	-13.210.355	-14.921.630
<b>Distribution in total</b>	<b>-13.210.355</b>	<b>-14.921.630</b>

**Balance sheet 31 December**

All amounts in DKK.

<b>Assets</b>		
<u>Note</u>	<u>2015</u>	<u>2014</u>
<b>Fixed assets</b>		
5 Other plants, operating assets, and fixtures and furniture	144.438	215.118
Tangible fixed assets in total	<u>144.438</u>	<u>215.118</u>
6 Equity investments in group enterprises	82.482.693	79.963.730
Deposits	<u>593.981</u>	<u>604.077</u>
Financial fixed assets in total	<u>83.076.674</u>	<u>80.567.807</u>
<b>Fixed assets in total</b>	<b><u>83.221.112</u></b>	<b><u>80.782.925</u></b>
<b>Current assets</b>		
Raw materials and consumables	<u>783.681</u>	<u>919.059</u>
Inventories in total	<u>783.681</u>	<u>919.059</u>
Trade debtors	2.260.289	977.595
7 Work in progress for the account of others	3.715.745	3.550.743
Amounts owed by group enterprises	2.111.311	4.044.890
Tax receivables from group enterprises	1.747.293	0
Other debtors	112.226	186.348
Accrued income and deferred expenses	<u>110.493</u>	<u>308.547</u>
Debtors in total	<u>10.057.357</u>	<u>9.068.123</u>
Cash funds	<u>863.720</u>	<u>955.936</u>
<b>Current assets in total</b>	<b><u>11.704.758</u></b>	<b><u>10.943.118</u></b>
<b>Assets in total</b>	<b><u>94.925.870</u></b>	<b><u>91.726.043</u></b>

**Balance sheet 31 December**

All amounts in DKK.

<b>Equity and liabilities</b>			
<u>Note</u>		<u>2015</u>	<u>2014</u>
<b>Equity</b>			
8	Contributed capital	80.000	80.000
10	Results brought forward	-37.787.559	-24.577.204
	<b>Equity in total</b>	<b>-37.707.559</b>	<b>-24.497.204</b>
<b>Liabilities</b>			
11	Debt to group enterprises	40.000.000	0
	Long-term liabilities in total	40.000.000	0
7	Prepayments received from customers concerning work in progress for the account of others	2.341.352	1.300.638
	Trade creditors	189.959	842.940
	Debt to group enterprises	72.422.571	80.773.234
	Other debts	17.679.547	32.778.412
	Accrued expenses and deferred income	0	528.023
	Short-term liabilities in total	92.633.429	116.223.247
	<b>Liabilities in total</b>	<b>132.633.429</b>	<b>116.223.247</b>
	<b>Equity and liabilities in total</b>	<b>94.925.870</b>	<b>91.726.043</b>

**12 Contingencies**

## Notes

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All amounts in DKK.

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

The Company's equity is negative in the amount of DKK -37.707.559 at 31 December 2015.

At the Company's annual general meeting the Company's financial position will be addressed in accordance with the Danish Companies Act, section 119. The ultimate parent company, have issued a letter of support to the Company.

DKK 40.000.000 of the intercompany loan with GP Strategies Holdings Ltd. will be subordinated loan capital standing behind other creditors.

	<u>2015</u>	<u>2014</u>
<b>2. Staff costs</b>		
Salaries and wages	7.388.818	6.237.043
Pension costs	175.401	436.528
Other costs for social security	52.471	82.071
Other staff costs	56.351	481
	<u><b>7.673.041</b></u>	<u><b>6.756.123</b></u>
 Average number of employees	 <u>9</u>	 <u>9</u>
 <b>3. Other financial costs</b>		
Interest, group enterprises	3.377.002	1.551.726
Other interest costs	14.810.594	1.376.507
	<u><b>18.187.596</b></u>	<u><b>2.928.233</b></u>
 <b>4. Tax on ordinary results</b>		
Tax of the results for the year	-1.385.795	0
Adjustment of tax for previous years	-361.498	0
	<u><b>-1.747.293</b></u>	<u><b>0</b></u>



## Notes

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All amounts in DKK.

	<u>31/12 2015</u>	<u>31/12 2014</u>
<b>5. Other plants, operating assets, and fixtures and furniture</b>		
Cost 1 January 2015	549.674	489.587
Additions during the year	127.697	60.087
Disposals during the year	<u>-15.383</u>	<u>0</u>
<b>Cost 31 December 2015</b>	<b><u>661.988</u></b>	<b><u>549.674</u></b>
Depreciation and writedown 1 January 2015	-334.556	-165.436
Depreciation for the year	-198.375	-169.120
Depreciation and writedown, assets disposed of	<u>15.381</u>	<u>0</u>
<b>Depreciation and writedown 31 December 2015</b>	<b><u>-517.550</u></b>	<b><u>-334.556</u></b>
<b>Book value 31 December 2015</b>	<b><u>144.438</u></b>	<b><u>215.118</u></b>
<b>6. Equity investments in group enterprises</b>		
Acquisition sum, opening balance 1 January 2015	79.963.730	0
Additions during the year	<u>2.518.963</u>	<u>79.963.730</u>
<b>Cost 31 December 2015</b>	<b><u>82.482.693</u></b>	<b><u>79.963.730</u></b>
<b>Book value 31 December 2015</b>	<b><u>82.482.693</u></b>	<b><u>79.963.730</u></b>

### The financial highlights for the enterprises according to the latest approved annual reports

	Share of ownership	Equity DKK	Results for the year DKK	Book value at GP Strategies Denmark ApS DKK
Effective People A/S, København	100 %	11.490.355	10.015.759	82.482.693
		<b><u>11.490.355</u></b>	<b><u>10.015.759</u></b>	<b><u>82.482.693</u></b>

## Notes

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All amounts in DKK.

	<u>31/12 2015</u>	<u>31/12 2014</u>
<b>7. Work in progress for the account of others</b>		
Sales value of the production of the period	6.235.043	14.580.104
Payments on account received	<u>-4.860.650</u>	<u>-12.329.999</u>
<b>Work in progress for the account of others, net</b>	<b><u>1.374.393</u></b>	<b><u>2.250.105</u></b>
The following is recognised:		
Work in progress for the account of others (Current assets)	3.715.745	3.550.743
Work in progress for the account of others (Prepayments received)	<u>-2.341.352</u>	<u>-1.300.638</u>
	<b><u>1.374.393</u></b>	<b><u>2.250.105</u></b>
<b>8. Contributed capital</b>		
Contributed capital 1 January 2015	<u>80.000</u>	<u>80.000</u>
	<b><u>80.000</u></b>	<b><u>80.000</u></b>
<b>9. Share premium account</b>		
Share premium account 1 January 2015	0	4.120.000
Transferred to retained earnings	<u>0</u>	<u>-4.120.000</u>
	<b><u>0</u></b>	<b><u>0</u></b>
<b>10. Results brought forward</b>		
Results brought forward 1 January 2015	-24.577.204	-13.775.574
Profit or loss for the year brought forward	-13.210.355	-14.921.630
Transferred from share premium	<u>0</u>	<u>4.120.000</u>
	<b><u>-37.787.559</u></b>	<b><u>-24.577.204</u></b>

## Notes

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All amounts in DKK.

	<u>31/12 2015</u>	<u>31/12 2014</u>
<b>11. Debt to group enterprises</b>		
Debt to group enterprises in total	40.000.000	0
Share of amount due within 1 year	<u>0</u>	<u>0</u>
<b>Debt to group enterprises in total</b>	<b><u>40.000.000</u></b>	<b><u>0</u></b>
Share of liabilities due after 5 years	<u>0</u>	<u>0</u>

DKK 40.000.000 of the intercompany loan with GP Strategies Holdings Ltd. will be subordinated loan capital standing behind other creditors.

## 12. Contingencies

### Operational leasing

The company has entered into 2 rent agreements, which are terminable at six month's notice. The liability during the period of notice represents DKK 681 thousand.

The company has entered into 1 operational leasing contracts with an outstanding total leasing payment of DKK 51 thousand.

### Joint taxation

The company is the administration company of the group of companies 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 company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.