Piaster Revisorerne
vi giver bedre råd

Assima A/S

CVR-no. 54 47 71 12

Strandvejen 724
2930 Klampenborg

Annual Report 2017

(Financial year 1 January 2017 - 31 December 2017)

The Annual Report is presented and adopted at the Annual General Meeting of shareholders on the 3 April 2018

Søren Sander
Chairman of the meeting

Contents

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the Annual Report of 1 January 2017 - 31 December 2017 for Assima A/S for the fiscal year 2017.

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the Company’s financial position at 1 January 2017 - 31 December 2017 and of the results of the Company's operations and cash flows for the financial year 1 January 2017 - 31 December 2017.

In our opinion the Management’s Review includes a fair review of the development in the Company's operations and financial conditions, the results for the year, cash flows and financial position as well as a description of the most significant risks and uncertainly factors that the Company face.

We recommend the Annual Report approved at the Annual General Meeting.

Klampenborg, 3 April 2018

Executive Board:

Søren Sander	Peter Aarø-Hansen

Board of Directors:

Anthony Derek Coates	Germain Jean Marcel Bourgeois	Randall Keith Anderson
Søren Sander	Peter Aarø-Hansen	

Independent Auditor’s Reports

To the Shareholders of Assima A/S

Report on financial statements

Opinion

We have audited the financial statements of Assima A/S for the financial year 1 January 2017 - 31 December 2017, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes including accounting policies. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the operations for the financial year 1 January 2017 - 31 December 2017, in accordance with with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 our report. We are independent of the Company in accordance with the International Ethics Standards Board for 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.

Independent Auditor’s Reports (-continued)

Material uncertainty concerning going concern

Without modifying our opinion, we will inform that the company's going concern depends on guarantee for supporting of the company. We refer to note 24, where management has described that the company has recieved a letter of support from the parrent company to the company's going concern through the fiscal year 2018, and the company expects to restore the company's negative equity through the company's future activities. The financial statements have therefore been prepared as subject to continued operations. We agree on the management's opinion regarding this issue.

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 International Financial Reporting Standards as adopted by the EU and additional disclosure requirements of 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 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 Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor’s Reports (-continued)

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 judgment and maintain professional skepticism 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 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 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 in-adequate, to modify our opinion. Our conclusion are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Independent Auditor’s Reports (-continued)

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, 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.

Independent Auditor’s Reports (-continued)

Statement on Management’s Review
Management is responsible for Management’s Review.

Our opinion on the Financial Statements does not cover 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 Management’s Review and, in doing so, consider whether 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 Management’s Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management’s Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not identify any material misstatement of Management’s Review.

Report on Other legal and Regulatory Reguirements

No rules of procedure for the board of directors
We have during our audit identified that there are no rules of procedure for the board of directors which is a requirement according to the Corporation Law and management can be liable in this regards.

Birkerød, 3 April 2018
Piaster Revisorerne,
statsautoriseret revisionsaktieselskab
CVR. no.: 25 16 00 37

Niels Kristian Tordrup Nielsen
State Authorized Public Accountant
mne35462

Management's Review

Company details

Company details	Assima A/S Strandvejen 724 2930 Klampenborg	
	Phone: E-Mail: Website:	51 28 00 00 info@assima.dk www.assima.dk
	CVR no.: Founded: Registered office: Financial year:	54 47 71 12 31 October 1975 Lyngby 1 January - 31 December
Executive Board	Søren Sander Peter Aarø-Hansen	
Board of Directors	Anthony Derek Coates Germain Jean Marcel Bourgeois Randall Keith Anderson Søren Sander Peter Aarø-Hansen	
Auditor	Piaster Revisorerne, Statsautoriseret Revisionsaktieselskab Abildgårdsparken 8A 3460 Birkerød	

Management's Review

Management commentary

Objective and activities
Assima A/S is a learning and communications agency with strong digital roots and provider of Assima's unique learning and IT software deployment offerings.

Clients use our tools and expertise to create effective learning and communication for employees, customers and citizens.

As the Scandinavian part of the global Assima Group, we offer the market's strongest combination of software and services.

The unique thing about Assima is that we have:

- An international organisation with 160 employees
- Proprietary software that is used by companies around the world
- Deep theoretical knowledge about psychology and the ability to put it into practice in IT- and learning projects
- Experience from more than 800 projects in Scandinavia alone

2017 earnings and the future
In 2017, we took further measures to reduce costs and strengthen the business within a number of areas. This included a split in Management responsibilities for the sale of Assima Software and the delivery of eLearning Projects.

The Company reported a loss after tax of DKK 406 thousand, which was not satisfactory, but relying on the promising pipeline and backlog particularly in Assima Software sales, the Company expects to report positive results for 2018.

The parent company Assima Plc. has been listed on the NYSE Alternext Stock Exchange since October 2006. The Assima Group's equity amounted to more than DKK 78m as of 31 December 2017. As a subsidiary, Assima A/S has access to capital and liquidity via the parent company should the need arise.

Management's Review

Management commentary (continued)

2017 yearly result and the future
The company's going concern depends on the parent company's guarantee for supporting the company. The parent company has signed a letter of support to the company's going concern through the fiscal year 2018, and that the company expects to restore the company's negative equity through the company's future activities. The financial statements have therefore been prepared as subject to continued operations.

Subsequent events
No events have occurred after 31 December 2017 that impact the presentation and assessment of the annual report for 2017.

Material error
The company has identified material errors in the financial statement regarding the fiscal year 2016 and the classification of deferred income regarding software contract in the balance sheet. The error does not effeect profit for the year and equity. Total assets and total liabilities has been affected with 722 tDKK.

Financial Statements for the period 1 January - 31 December

Income Statement

DKK	Note	2017	2016
Revenue	3	**10.963.482**	**6.581.262**
Direct costs	4	-4.872.971	-3.116.776
Gross profit		**6.090.511**	**3.464.486**
Other external costs		-2.859.951	-2.580.537
Staff costs	5	-3.429.354	-3.924.226
Profit/loss before depreciation		**-198.794**	**-3.040.277**
Depreciation	6	-74.064	-68.335
Operating profit/loss		**-272.858**	**-3.108.612**
Finance income, etc.	7	60	2.914
Finance costs, etc.	8	-133.213	-215.184
Profit/loss before tax		**-406.011**	**-3.320.882**
Tax on profit/loss for year	9	0	-330.000
Profit/loss for the year		**-406.011**	**-3.650.882**

Proposed profit apprpriation/distribution of loss		
Retained earnings	-406.011	-3.650.882
Total distribution	**-406.011**	**-3.650.882**

Financial Statements for the period 1 January - 31 December

Statement of comprehensive income

DKK	Note	2017	2016
Profit/loss for the year		**-406.011**	**-3.650.882**
Other comprehensive income after tax		0	0
Total comprehensive income		**-406.011**	**-3.650.882**

Financial Statements for the period 1 January - 31 December

Balance Sheet at 31 December

	Notes	2017	2016
ASSETS			
Non-current assets			
Property, plant and equipment			
Fixtures and fittings, other plant and equipment	6	163.300	237.364
Other non-current assets			
Deferred tax	11	0	0
Total non-current assets		163.300	237.364
Current assets			
Work in progress	10	1.224.375	983.828
Deposits		450.000	468.123
Trade receivables		2.093.151	1.778.651
Prepayments		276.657	446.809
Other receivables		33.293	5.624
Cash at bank and in hand		668.391	796.945
Total current assets		**4.745.867**	**4.479.980**
TOTAL ASSETS		**4.909.167**	**4.717.344**

Financial Statements for the period 1 January - 31 December

Balance Sheet at 31 December

	Notes	2017	2016
EQUITY AND LIABILITIES			
Equity	12		
Share capital		906.200	906.200
Retained earnings		-978.792	-5.107.039
Treasury share reserve		-301.000	-301.000
Total equity		**-373.592**	**-4.501.839**
Liabilities other than provision			
Non-current liabilities			
Lease debt	13	97.146	140.903
Current liabilities			
Lease debt	13	41.541	35.014
Bank debt		51.604	17.416
Trade payables		542.719	340.836
Amounts owed to group companies	15	2.329.863	6.155.420
Work in progress	10	425.544	866.329
Other payables	14	1.370.527	941.347
Deferred income		423.815	721.918
		5.185.613	9.078.280
Total liabilities other than provisions		**5.282.759**	**9.219.183**
TOTAL EQUITY AND LIABILITIES		**4.909.167**	**4.717.344**

Financial Statements for the period 1 January - 31 December

Statement of changes in equity

	Share capital	Treasury share reserve	Retained comprehen-sive income	Total
DKK				
Equity at 1 January 2016	906.200	-301.000	-1.456.157	-850.957
Total comprehensive income in 2016				
Profit/loss for the year	0	0	-3.650.882	-3.650.882
Equity 31 December 2016	906.200	-301.000	-5.107.039	-4.501.839
Group grant			4.534.258	
Total comprehensive income in 2016				
Profit/loss for the year	0	0	-406.011	-406.011
Equity 31 December 2017	906.200	-301.000	-978.792	-373.592

Financial Statements for the period 1 January - 31 December

Cash flow statement

Note	DKK	2017	2016
	Profit/loss before tax	-406.011	-3.320.882
6	Adjustment for non-cash operating items, etc.:		
	Depreciation, amortisation and impairment losses as well as loss from disposal of assets	74.064	68.335
	Finance income and costs	133.153	212.270
	Cash generated from operations (operating activities) before changes in working capital	-198.794	-3.040.277
16	Changes in working capital	93.945	2.740.414
	Cash generated from operations (operating activities)	-104.849	-299.863
	Finance income and costs paid/received	-20.663	-21.417
	Corporation tax paid	0	0
	Cash flows from operating activities	-125.512	-321.280
17	Acquisition of property, plant and equipment	0	-76.410
6	Disposal of property, plant and equipment	0	5.615
	Cash flows from investing activities	0	-70.795
	Grant from parent company	4.534.258	
	Increase in loans/debt	34.188	0
	Repayment of loans/debt	-4.571.488	-51.939
	Cash flows from financing activities	-3.042	-51.939
	Net cash flows from operating, investing and financing activities	-128.554	-444.014
	Cash and cash equivalents at 1 January	796.945	1.240.959
	Cash and cash equivalents at 31 December	668.391	796.945

Certain cash flow statement items cannot be directly deducted from the income statement or the balance sheet, e.g. because of non-cash transactions regarding finance lease.

Financial Statements for the period 1 January - 31 December

Overview of notes

Notes

Financial Statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

Assima A/S is a public company based in Denmark. The annual report of Assima A/S for 2017 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act.

On 3 April 2018, the Board of Directors and the Executive Board have discussed and approved the annual report for 2017 for Assima A/S. The annual report is presented to the shareholders of Assima A/S for approval at the annual general meeting to be held on 3 April 2018.

Basis of preparation

The annual report is presented in DKK.

The annual report has been prepared on the historical cost basis. The Company has no derivative financial instruments, financial instruments in the trading portfolio or financial instruments classified as available for sale.

Non-current assets and disposal groups classified as held for sale are measured at the lower of the carrying amount before the changed classification and fair value less costs to sell.

The accounting policies set out below have been used consistently in respect of the financial year and the comparative figures.

Changes in accounting policies

The changes within the IFRS requirements have not resulted in changes in the accounting policies, including the accounting presentation.

Consequently, the accounting policies used in the preparation of the annual report are consistent with those of last year.

Material error

The company has identified material errors in the financial statement regarding the fiscal year 2016 and the classification of deferred income regarding software contract in the balance sheet. The error does not effeect profit for the year and equity. Total assets and total liabilities has been affected with 722 tDKK.

Financial Statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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 rates at the transaction date and at the date of payment are recognized in the income statement as finance income or costs.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognized in the latest financial statements is recognized in the income statement as finance income or costs.

Income statement

Revenue
Revenue from licenses, support and hosting are recognized in the income statement provided that transfer of risk to the buyer has taken place before year end and that the income can be reliably measured and is expected to be received.

Revenue is measured at the fair value of the agreed consideration ex. VAT and taxes charged an behalf of third parties. All discounts granted are recognized in revenue.

Contracts comprising installation, adaptation, education of employees within learning solutions with a high degree of individual adaptation are recognized as revenue in line with production. Accordingly, revenue corresponds to the selling price of work performed during the year (the percentage of completion method). When income and expenses on a contract cannot be determined reliably, revenue is recognized only at the expenses incurred that are likely to be recovered.

Direct costs
Direct costs comprise costs which are directly related to the Company's revenue and comprise primarily sub suppliers, material consumption and royalty within the Assima Group.

Notes to the financial statements

1 Accounting policies (continued)

Other external costs
Other external costs comprise costs relating to advertising, exhibition, research, office premises, office expenses, bookkeeping, lawyer, IT, cars, provisions for bad debts, etc.

Staff costs
Staff casts comprise direct costs for wages and salaries, social security, and other staff related costs, including education, lunch, etc.

Finance income and costs
Finance income and costs comprise interest income and expense, realized and unrealized gains and losses regarding receivables, payables and transactions denominated in foreign currencies, amortization of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year
Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognized in the income statement, and the tax expense relating to amounts directly recognized in equity is recognized directly in equity.

Financial Statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Property, plant and equipment
Fixtures and fittings, other plant and equipment are measured at cost less accumulated depreciation.

The depreciation base is cost less the expected residual value after ended use.

The cost comprises the acquisition cost and costs directly related to the cost until the time where the asset is ready for use. The cost of finance lease assets corresponds to the contract value.

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

Fixtures and fittings, other plant and equipment	3-5 years

Property, plant and equipment are written down to the recoverable amount if this is lower than the carrying amount.

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 recognized.

When the depreciation period or the residual value is changed, the effect on depreciation is recognized prospectively as a change in accounting estimates.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the sales price less disposal costs and the carrying amount at the date of disposal. The gains and losses are recognized in the income statement as depreciation.

Notes to the financial statements

1 Accounting policies (continued)

Impairment of non-current assets

The carrying amount of other non-current assets is tested annually for indications of impairment. When there is an indication that assets may be impaired, the recoverable amount of the asset is determined. The recoverable amount is the higher of an asset's fair value less expected costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or the cash-generating unit to which the asset belongs.

An impairment loss is recognized if the carrying amount of an asset or a cash-generating unit, respectively, exceeds the recoverable amount of the asset or the cash-generating unit. impairment losses are recognized in the income statement as depreciation.

Impairment of long-term assets is reversed only to the extent of changes in the assumptions and estimates underlying the impairment calculation. Impairment is only reversed to the extent that the asset's new carrying amount does not exceed the carrying amount of the asset after amortization had the asset not been impaired.

Deferred tax assets are assessed annually and are only recognized when it is probable that they will be utilized.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed less progress billings and losses. The selling price is measured by reference to the stage of completion at the balance sheet date and total expected income from the contract work.

When it is probable that the total contract costs will exceed the total contract revenue, the anticipated loss on the contract is recognized as an expense immediately.

When income and expenses on a construction contract cannot be determined reliably, the selling price is measured only at the expenses incurred that are likely to be recovered.

Financial Statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Individual contract work in progress is recognized in the balance sheet under either receivables or payables, depending on whether the net amount of the selling price less progress billings and prepayments is positive or negative.

Selling costs and costs incurred in securing contracts are recognized in the income statement when incurred.

Receivables and prepayments
Receivables are measured at amortized cost. Write-down is made for bad debt losses after individual assessment.

Prepayments comprise costs incurred concerning subsequent financial years.

Equity

Dividend
Dividends are recognized as a liability at the date when they are adopted at the annual general meeting (declaration date). The proposed dividend payment for the year is disclosed as a separate item under equity. Interim dividends are recognized as a liability at the date when the decision to pay interim dividends is made.

Treasury share reserve
The treasury share reserve comprises cost of acquisition for the Company's portfolio of treasury shares. Dividends from treasury shares are recognized directly in retained earnings in equity. Gains from the sale of treasury shares are recognized in share premium.

Corporation tax and deffered tax
Current tax payable and receivable is recognized in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Notes to the financial statements

1 Accounting policies (continued)

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. In cases, where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognized at the expected value of their utilization; 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. Deferred tax assets, if any, are measured at net realizable value.

Deferred tax assets are subject to annual impairment tests and are recognized only to the extent that it is probable that the assets will be utilized.

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 crystallize as current tax. The change in deferred tax as a result of changes in tax rates is recognized in the income statement.

Customers' payments on account
Customers' payments on account comprise payments on account for license and support agreements, etc.

Financial liabilities
Amounts owed to mortgage credit institutions and banks are recognized at the date of borrowing at the net proceeds received less transaction costs paid. Finance lease debt is recognized at the contract value at the date of entering the contract.

In subsequent periods, the financial liabilities are measured at amortized cost, corresponding to the capitalized value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognized in the income statement over the term of the loan.

Other liabilities are measured at net realizable value.

Notes to the financial statements

1 Accounting policies (continued)

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

Cash flows from operating activities are calculated after the indirect method as the profit/loss before tax adjusted for non-cash operating items, changes in working capital, interest, dividends and corporation tax paid.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and other non-current assets as well as acquisition and disposal of securities not recognized as cash and cash equivalents.

Cash flows from financing activities comprise changes in the size or composition of the share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, acquisition and disposal of treasury shares and payment of dividends to shareholders.

Cash and cash equivalents comprise bank deposits and cash.

Cash flows in other currencies than the functional currency are translated using average exchange rates unless these deviate significantly from the rate at the transaction date.

2 Accounting estimates and judgements

Estimation uncertainty
Determining the carrying amount of certain assets and liabilities requires estimates, assessments and judgements over future events.

The estimates used are based on historic assumptions which by Management are assessed to be reliable, but which by nature are associated with uncertainty. The assumptions may be incomplete or incorrect, and unexpected events or circumstances may arise. Furthermore, the Company is subject to risks and uncertainties which may result in the fact that actual results may differ from these estimates.

Notes to the financial statements

2 Accounting estimates and judgements (continued)

It might be necessary to change previous years' estimates and assumptions as a result of changes in matters affecting previous estimates and assumptions or because of new knowledge or subsequent events.

Estimates which are significant for the preparation of the annual report are made e.g. when computing depreciation and impairment, sales value of contract work in progress as well as when measuring deferred tax assets.

The method and assumptions for assessments are unchanged compared to last year.

Contract work in progress
Contract work in progress is measured on basis of the stage of completion in relation to expected revenue in accordance with the contracts. The stage of completion depends on costs incurred and the Company's hourly registrations in relation to expectations to total consumption of costs and time.

The Company's projects in progress develop according to plans and the Company does not expect any problems regarding completion or compliance with delivery dates. Thus, there are no extraordinary matters which have affected the measurement of contract work in progress.

Deferred tax assets
The Company has realized losses for the past years and the recognition of deferred tax assets is therefore associated with uncertainty linked to the underlying estimates of future revenue and profits

Consequently, deferred tax assets at 31 December 2017 has been recognized at DKK 0, see note 11.

Financial Statements for the period 1 January - 31 December

Notes to the financial statements

2 Accounting estimates and judgements (continued)

As part of the Company's accounting policies, Management makes assessments and estimates which may significantly affect the amounts recognized in the annual report.

Management has made assessments regarding:

Use of the percentage-of-completion method
When entering into a contract, Management assesses whether projects comprising installation, adaptation and education of employees containing a high degree of individual adaptation can be recognized in accordance with the percentage-of-completion method.

In future years, it is expected that a considerable part of the Company's revenue will originate from individual solutions and thus revenue will be recognized in accordance with the percentage-of-completion method. Revenue originating from standard goods, including licenses, is recognized when delivery and transfer of risk to the buyer have taken place and that the income can be reliably measured and is expected to be received.

Financial Statements for the period 1 January - 31 December

Notes to the financial statements

	DKK	2017	2016
3	**Revenue by type**		
	Licences	172.369	206.988
	Support	1.086.506	1.352.425
	Projects and related services	8.936.236	4.269.367
	Rental income	768.371	752.482
		10.963.482	**6.581.262**

Approximately 97% of revenue is domestic (2016: 89%), while the rest relates to Northern Europe.

Revenue from trading with 1 customer constitutes more than 21% of the Company's total revenue (2016: 1 customer more than 16% of total revenue).

4	**Direct costs**		
	Subcontractors	4.165.533	2.317.570
	Royalty	707.438	799.206
		4.872.971	**3.116.776**

5	**Staff costs**		
	Wages and salaries	3.146.996	3.614.666
	Social security, etc.	24.189	34.984
	Other staff costs	258.169	274.576
		3.429.354	**3.924.226**

Staff costs include remuneration to the Executive Board in the amount of DKK 2,183 thousand (2016: DKK 2,396 thousand).

During the financial year, the Company had an average 5 employees (2016: 5).

The Executive Board is covered by bonus schemes that depend on the profit realized for the year. For the Executive Board, the terms of notice normally applicable to members of executive boards apply.

Financial Statements for the period 1 January - 31 December

Notes to the financial statements

	DKK	2017	2016
6	**Fixtures and fittings, other plant and equipment**		
	Cost at 1 January	914.604	836.212
	Additions during the year	0	128.392
	Disposals during the year	-526.083	-50.000
		388.521	914.604
	Depreciations at 1 January	-677.240	-653.290
	Depreciation on disposed assets	526.083	50.000
	Depreciation for the year	-74.064	-73.950
		-225.221	-677.240
	Carrying amount at 31 December	**163.300**	**237.364**
	Of which assets held under a finance lease	81.959	121.955
	Depreciation, Fixtures and fittings, other plant and equipment	74.064	73.950
	Profit on sale of property, plant and equipment	0	-5.615
		74.064	68.335

	DKK	2017	2016
7	**Finance income, etc.**		
	Foreign currency translation adjustment	60	2.914
		60	2.914

Financial Statements for the period 1 January - 31 December

Notes to the financial statements

	DKK	2017	2016
8	**Finance costs, etc.**		
	Interest expense regarding intragroup balances	112.490	190.853
	Other interest expenses	14.224	19.945
	Foreign currency translation adjustment	6.499	4.386
		133.213	215.184

9	**Tax on profit/loss for the year**		
	Adjustment of deferred tax	0	-330.000
		0	-330.000
	Tax on profit/loss for the year can be explained as follows:		
	Computed 22% (2016: 22%) of the profit/loss before tax	-89.322	-730.594
	Non-deductible costs	6.779	11.545
	Value adjustment of deferred tax	82.543	1.049.049
		0	330.000
	Current tax rate	0	0

10	**Work in progress**		
	Contract work in progress	10.745.617	4.418.108
	Invoiced, customers	-9.946.787	-4.300.619
		798.830	117.489
	Which is classified as follows:		
	Contract work in progress (assets)	1.224.375	983.828
	Contract work in progress (liabilities)	-425.544	-866.329
		798.831	117.499

Financial Statements for the period 1 January - 31 December

Notes to the financial statements

	DKK	2017	2016
11	**Deferred tax**		
	Deferred tax at 1 January	0	330.000
	Deferred tax for the year recognized in loss for the year	0	-330.000
	Deferred tax at 31 December	0	0
	Deferred tax is recognized as follows in the balance sheet:		
	Deferred tax (assets)	0	0
	Deferred tax at 31 December, net	0	0
	Deferred tax relates to:		
	Property, plant and equipment	0	0
	Tax loss carryforwards	0	0
		0	0

The value of tax assets has not been recognized. The unrecognized tax asset amounts to DKK 2,082 thousand (2016: DKK 1,999 thousand).

12 Equity

The share capital consists of 9,062 shares of nominal DKK 100. No shares are given special rights. There are no limitations in the negotiability or the right to vote.

The share capital has remained unchanged for the last 5 years and all share capital has been paid in. The Company holds treasury shares of nominal DKK 12,600 (2016: DKK 12,600). Treasury shares have been recognized directly on treasury share reserve under equity.

Currently, no particular dividend or solvency policy has been established for the Company. The Company's objective is to be self-financing and thus not obtain external financing. In the short-term, 1-2 years, the dividend policy is determined in consideration of the Company's financial development in general.

Notes to the financial statements

DKK	2017		
13 Finance leases	Minimum lease payment	Of which interest	Carrying amount
0-1 year	53.878	-12.337	41.541
1-5 years	108.459	-11.313	97.146
	162.337	-23.650	138.687

	2016		
	Minimum lease payment	Of which interest	Carrying amount
0-1 year	51.312	-16.298	35.014
1-5 years	166.764	-25.861	140.903
	218.076	-42.159	175.917

There are no contingent lease payments. The equipment is taken over at the end of the lease period.

	2017	2016
14 Other payables		
VAT, etc.	379.423	249.541
Staff related debts	415.517	383.761
Other	575.587	308.045
	1.370.527	941.347
15 Intercompany balances		
Assima Switzerland	2.244.938	6.155.420
Assima France	84.925	0
	2.329.863	6.155.420

Financial Statements for the period 1 January - 31 December

Notes to the financial statements

	DKK	2017	2016
16	**Changes in working capital**		
	Changes in work in progress and deferred income	-979.435	1.785.221
	Changes in receivables, etc.	-153.894	981.328
	Changes in trade payables, other payables, etc.	1.227.274	-26.135
		93.945	2.740.414

17	**Non-cash transactions**		
	Acquisition of property, plant and equipment, see note 6	0	128.392
	Of which finance lease	0	-51.982
	Paid on purchase of property, pland and equipment	0	76.410
	Additions of financial liabilities	0	51.982
	Of which finance lease	0	-51.982
	Cash proceeds from the raising of financial liabilities	0	0

18 Operating leases

The Company has entered into rental and lease contracts that do not contain conditioned lease payments. The obligations can be specified as follows:

Duration	2017	2016
0-1 year	348.244	353.128
1-5 years	0	3.403
	348.244	356.531
Rental and lease expenses recognized in the income statement	1.076.673	1.167.585

Financial Statements for the period 1 January - 31 December

Notes to the financial statements

18 Operating leases (continued)

The Company's leased premises are subleased partly on non-cancellable lease contracts with maturity in 2020. The lessees have the possibility of extending the leases on the current terms and conditions.

Non-cancellable rent income amounts to DKK 706.335 (2016: DKK 690,552).

19 Financial risks and financial instruments

Currency risks

Approximately 3% of the Company's revenue is in EUR (2016: 2%). Approximately 2% of trade receivables are in EUR (2016: 11%). No significant changes in the type or level of transactions in foreign currency are expected. No forward exchange contracts have been entered into in order to cover foreign exchange risks an revenue or receivables as the risk related hereto is not considered material. Except for this, the Company has no activity, assets or liabilities in foreign currencies.

Interest rate risks

The Company is not assessed to be exposed to fluctuations in interest rates and does not use financial instruments to hedge the interest rate risks.

Liquidity risks

The Company's net interest bearing position amounts to DKK 1.7 million (2016: DKK 5.6 million). Management assesses the current capital resources including the group contribution received in 2017 and the letter of support from the parent company, see note 12, as sufficient to be able to act appropriately and adequately in case of unexpected liquidity fluctuation.

The Company's debt falls due as specified below.

Based on the present operating budget and cash flow projection no significant liquidity risks have been identified.

Financial Statements for the period 1 January - 31 December

Notes to the financial statements

19 Financial risks and financial instruments (continued)

DKK'000	2017					
	Carrying amount	Contrac- tual cash flows	Within 1 year	1 to 3 years	3 to 5 years	3 to 5 years
Non-derivative financial instruments						
Lease debt	139	162	161	1	0	0
Bank debt	52	52	52	0	0	0
Trade payables and debt to group companies	2.873	2.873	2.873	0	0	0
31 December	**3.064**	**3.087**	**3.086**	**1**	**0**	**0**

DKK	2016					
	Carrying amount	Contrac- tual cash flows	Within 1 year	1 to 3 years	3 to 5 years	3 to 5 years
Non-derivative financial instruments						
Lease debt	176	218	52	166	0	0
Bank debt	17	17	17	0	0	0
Trade payables and debt to group companies	6.155	6.155	6.155	0	0	0
31 December	**6.348**	**6.390**	**6.224**	**166**	**0**	**0**

Notes to the financial statements

19 Financial risks and financial instruments (continued)

Credit risks

The Company's credit risks relate to trade receivables and work in progress. Agreement on prepayment of projects in progress can be entered into in order to reduce the credit risk as well as concluded contracts contain agreement on invoicing an account following the completion of the work. The Executive Board has not assessed it necessary to make demands for other security in connection with projects.

The Company has a few large customers where the related activity amounts to a substantial part of the Company's total activities. The Company's loss on receivables has historically been very low, and the credit risk on the Company's customers is in general estimated as low.

Receivables which are due, but not written down, can be specified as follows:

DKK	2017	2016
Meturity periods		
Up to 30 days	1.654.794	1.586.342
Between 30-90 days	399.405	192.309
More than 90 days	56.952	0
	2.111.151	1.778.651
Write-downs for the estimated bad debt losses	-18.000	0

Financial instruments

The carrying amount of financial instruments corresponds to the fair value.

The Company does not make use of derivate financial instruments.

Financial Statements for the period 1 January - 31 December

Notes to the financial statements

20 Contingent liabilities

The Company's projects have certain warranty commitments attached to them at implementation and following operation. Historically, the extent of following warranty works has been very low. Based on that and expectations to projects with remaining warranty periods no warranty commitments have been incorporated in the balance sheet.

21 Related parties/Shareholder information

Assima A/S' related parties with controlling interest comprise Assima Plc, 5th Floor Portsoken House, London EC3N 1LJ, Great Britain, which is the ultimate parent with 100% ownership of the Company. Assima A/S is included in the consolidated financial statements of Assima Plc. The consolidated financial statements can be obtained at the parent company's address.

The Board of Directors and the Executive Board

Assima A/S' related parties with significant influence comprise the Company's Board of Directors and Executive Board. Management's remuneration is mentioned in note 5.

Related party transactions

The Company settles royalty to the parent for sales of products and subsequent support, where the parent has ownership and is responsible for the technical support and development. The royalty payment is stated in note 4. Interest from group balances is stated in note 8, and group balances are stated in note 15.

Except for this and remuneration to the Executive Board, the Company has not had any related party transactions during 2017. It is the Executive Board's opinion that all related party transactions are carried through on an arm's length.

22 Events after the reporting period

No events have occurred after 31 December 2017 that would change the presentation and evaluation of the 2017 annual report.

Financial Statements for the period 1 January - 31 December

Notes to the financial statements

23 New financial reporting regulation

At the time of publication of this annual report, IASB has issued several new and amended financial reporting standards and interpretations which had not yet become effective when the annual report for 2017 was prepared.

The following are considered relevant to Assima A/S:

- IFRS 9 Financial Instruments and subsequent amendments to IFRS 9, IFRS 7 and IAS 39
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases

The adopted standards and interpretations which have not yet come into effect will be implemented as they become mandatory for the Company. Except IFRS 16, none of the new standards or interpretations is expected to materially affect recognition and measurement for the Company.

IFRS 16 Leases was issued in mid-January 2016. The standard, which applies to financial years beginning on or after 1 January 2019, implies a substantial change in the way that those leases which are today accounted for as operating leases will be accounted for going forward. Thus, the standard requires that all leases regardless of type with a few exceptions must be recognized in the balance sheet as an asset with an accompanying lease liability. At the same time, the income statement will be affected going forward, as the annual lease payment will consist of two elements a depreciation charge and an interest expense as opposed to today where the annual operating lease expense is recognized as one amount under expenses. Finally, the cash flow statement is expected to be affected, as the current operating lease payments, which are today presented as cash flows from operating activities, will be presented as financing activity going forward.

The Company has not yet assessed the financial reporting implications of IFRS 16. At 31 December 2017, the nominal residual lease obligation under the Company's operating leases effecting the balance sheet totaled DKK 4.9 million, see note 18. The estimated effect on profit and loss DKK 0.

24 Going concern

The company's going concern depends on the parent company's guarantee for supporting the company. The parent company has signed a letter of support to the company's going concern through the fiscal year 2018, and that the company expects to restore the company's negative equity through the company's future activities. The financial statements have therefore been prepared as subject to continued operations.