

Nikosax A/S

Lejrvejen 8, 6330 Padborg

CVR no. 87 21 97 12

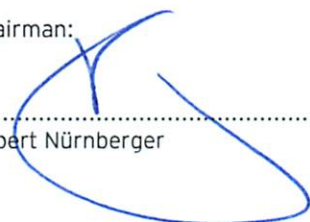


Annual report

for the year 1 January - 31 December 2016

Approved at the annual general meeting of shareholders on 17 March 2017

Chairman:


.....
Robert Nürnberger



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working world



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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Nikosax A/S for the financial year 1 January - 31 December 2016.

The annual report is prepared in accordance with 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 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Padborg, 17 March 2017

Executive Board:



Hartmut Albers



Tommy Trip

Board of Directors:



Robert Nürnberger
Chairman



Hartmut Albers



Harald H. Allig

Independent auditor's report

To the shareholders of Nikosax A/S

Opinion

We have audited the financial statements of Nikosax A/S for the financial year 1 January - 31 December 2016, which comprise an 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 financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 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 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 rules and 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 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.

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 the 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 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.

Independent auditor's report

- ▶ 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 inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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 Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

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

Sønderborg, 17 March 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR/no. 30 70 02 28



Lars Hansen
State Authorised Public Accountant



Management's review

Company details

Name	Nikosax A/S
Address, Postal code, City	Lejrvejen 8, 6330 Padborg
CVR no.	87 21 97 12
Established	1 February 1979
Registered office	Aabenraa
Financial year	1 January - 31 December
Website	www.nikosax.dk
Telephone	+45 74 67 36 90
Board of Directors	Robert Nürnberger, Chairman Hartmut Albers Harald H. Allig
Executive Board	Hartmut Albers Tommy Trip
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Nørre Havnegade 43, 6400 Sønderborg, Denmark



Management's review

Management commentary

Business review

The Company's principal activities are mainly the administration of statements regarding VAT and financing of VAT as well as other financial services that do not fall under the Danish Bank Act.

Financial review

The income statement for 2016 shows a profit of DKK 1,608 thousand.

Management considers the Company's financial performance in the year satisfactory.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Outlook

The Company expects to report satisfactory operating results for the financial year 2017.



Financial statements for the period 1 January - 31 December

Income statement

Note	DKK	2016	2015
	Gross margin	18,389,744	14,167,815
2	Staff costs	-11,333,391	-10,663,385
3	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-2,762,033	-3,493,312
	Other operating expenses	0	-11,779
	Profit/loss before net financials	4,294,320	-661
	Income from investments in group entities	133,713	96,700
4	Financial income	41,935	200,322
5	Financial expenses	-2,439,520	-2,738,476
	Profit/loss before tax	2,030,448	-2,442,115
6	Tax for the year	-422,371	730,235
	Profit/loss for the year	1,608,077	-1,711,880
	Recommended appropriation of profit/loss		
	Net revaluation reserve according to the equity method	30,664	0
	Other statutory reserves	731,668	0
	Retained earnings/accumulated loss	845,745	-1,711,880
		1,608,077	-1,711,880



Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	<u>2016</u>	<u>2015</u>
	ASSETS		
	Fixed assets		
7	Intangible assets		
	Acquired intangible assets	4,286,037	5,715,671
		<u>4,286,037</u>	<u>5,715,671</u>
8	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	705,532	572,713
	Leasehold improvements	5,064	22,440
		<u>710,596</u>	<u>595,153</u>
9	Investments		
	Investments in group entities, net asset value	312,513	179,690
		<u>312,513</u>	<u>179,690</u>
	Total fixed assets	<u>5,309,146</u>	<u>6,490,514</u>
	Non-fixed assets		
	Receivables		
	Trade receivables	240,238	558,475
	Work in progress	3,678,598	4,068,484
	Receivables from group entities	780,652	3,242,607
	Pre-financed VAT	74,049,974	72,066,889
	Income taxes receivable	121,634	196,813
	Other receivables	213,991	435,044
	Deferred income	185,428	326,736
		<u>79,270,515</u>	<u>80,895,048</u>
	Cash	<u>11,679,198</u>	<u>39,023,400</u>
	Total non-fixed assets	<u>90,949,713</u>	<u>119,918,448</u>
	TOTAL ASSETS	<u>96,258,859</u>	<u>126,408,962</u>



Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	<u>2016</u>	<u>2015</u>
	EQUITY AND LIABILITIES		
	Equity		
10	Share capital	500,000	500,000
	Net revaluation reserve according to the equity method	30,664	0
	Reserve for development costs	731,668	0
	Retained earnings	7,152,063	6,307,209
	Total equity	<u>8,414,395</u>	<u>6,807,209</u>
	Provisions		
11	Deferred tax	1,673,000	2,057,000
	Other provisions	0	1,865,625
	Total provisions	<u>1,673,000</u>	<u>3,922,625</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	4,191,252	2,285,786
	Payables to group entities	76,785,085	107,284,707
	Other payables	5,195,127	6,108,635
		<u>86,171,464</u>	<u>115,679,128</u>
	Total liabilities other than provisions	<u>86,171,464</u>	<u>115,679,128</u>
	TOTAL EQUITY AND LIABILITIES	<u>96,258,859</u>	<u>126,408,962</u>

- 1 Accounting policies
- 12 Contractual obligations and contingencies, etc.
- 13 Related parties



Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Net revaluation reserve according to the equity method	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2016	500,000	0	0	6,307,209	6,807,209
Profit/loss for the year	0	30,664	731,668	845,745	1,608,077
Exchange rate adjustment	0	0	0	-891	-891
Equity at 31 December 2016	500,000	30,664	731,668	7,152,063	8,414,395

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Nikosax A/S for 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act to report reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Referring to section 110(1) of the Danish Financial Statements Act, no consolidated financial statements are prepared.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Moreover, minor reclassifications have been made to balance sheet items.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue from the provision of services is recognised in revenue as the services are provided. Thereby, revenue corresponds to the sales value of the work performed for the year (production method).

Gross margin

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Cost of sale', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross margin'.

Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of non-current assets.

External expenses

Other external expenses include costs incurred in generating the revenue for the year, including expenses relating to sale, administration, premises, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

Software is amortised on a straight-line basis over the estimated useful life which is assessed at five years.

The amortisation basis is the cost.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Other fixtures and fittings, tools and equipment	4-5 years
Leasehold improvements	5 years

Income from investments in group entities

The item includes the Company's proportionate share of the profit/loss for the year in subsidiaries after elimination of intra-group income or losses and net of amortisation and impairment of goodwill and other excess values at the time of acquisition.

Balance sheet

Intangible assets

On initial recognition, software is measured at cost. Subsequently, software is measured at cost less accumulated amortisation.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as other operating income.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Investments in subsidiaries

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Investments in subsidiaries are measured, using the equity method, at the parent's proportionate share of such entities' equity plus goodwill on consolidation and intra-group losses and less intra-group gains and negative goodwill, if any.

Investments in entities whose net asset value is negative are measured at DKK 0. The entity's proportionate share of a deficit on equity, if any, is set off against receivables from the investment in so far as the deficit is irrecoverable. Amounts in excess thereof are recognised under 'Provisions' in so far as the parent has a legal or constructive obligation to cover the deficit.

Newly acquired or formed entities are recognised in the financial statements from the date of acquisition or formation. Entities sold or otherwise disposed of are recognised up to the date of disposal.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Work in progress

Ongoing service supplies are measured at the market value of the work performed. The market value is calculated on the basis of the total expected income from the relevant contract.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Provisions

Provisions comprise of expected expenses relating to claims regarding incorrect advice, etc. Provisions are recognised when the company has a legal obligation as a result of a past event at the balance sheet date and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income taxes

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

Provisions for deferred tax are calculated, based on the balance sheet liability method, of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income, as well as temporary differences on non-amortisable goodwill.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable values.

Deferred tax is measured according to the taxation rules and taxation rates in the respective countries applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities within the same jurisdiction.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at amortised cost.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK	2016	2015
2 Staff costs		
Wages/salaries	10,255,507	9,582,279
Pensions	750,847	761,671
Other social security costs	208,250	206,852
Other staff costs	118,787	112,583
	<u>11,333,391</u>	<u>10,663,385</u>
Average number of full-time employees	<u>33</u>	<u>31</u>
3 Amortisation/depreciation of intangible assets and property, plant and equipment		
Amortisation of intangible assets	2,478,770	3,174,174
Depreciation of property, plant and equipment	283,263	319,138
	<u>2,762,033</u>	<u>3,493,312</u>
4 Financial income		
Interest receivable, group entities	0	2,534
Other financial income	41,935	197,788
	<u>41,935</u>	<u>200,322</u>
5 Financial expenses		
Interest expenses, group entities	2,076,231	2,465,723
Exchange losses	329,610	243,102
Other financial expenses	33,679	29,651
	<u>2,439,520</u>	<u>2,738,476</u>
6 Tax for the year		
Estimated tax charge for the year	806,366	154,765
Deferred tax adjustments in the year	-384,000	-885,000
Tax adjustments, prior years	5	0
	<u>422,371</u>	<u>-730,235</u>

Financial statements for the period 1 January - 31 December

Notes to the financial statements

7 Intangible assets

DKK	<u>Acquired intangible assets</u>
Cost at 1 January 2016	16,306,503
Additions in the year	1,049,136
Cost at 31 December 2016	<u>17,355,639</u>
Impairment losses and amortisation at 1 January 2016	10,590,832
Amortisation/depreciation in the year	2,478,770
Impairment losses and amortisation at 31 December 2016	<u>13,069,602</u>
Carrying amount at 31 December 2016	<u><u>4,286,037</u></u>

8 Property, plant and equipment

DKK	<u>Other fixtures and fittings, tools and equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
Cost at 1 January 2016	2,167,563	668,984	2,836,547
Additions in the year	405,635	0	405,635
Disposals in the year	-11,881	-634,229	-646,110
Cost at 31 December 2016	<u>2,561,317</u>	<u>34,755</u>	<u>2,596,072</u>
Impairment losses and depreciation at 1 January 2016	1,594,850	646,544	2,241,394
Amortisation/depreciation in the year	265,886	17,376	283,262
Amortisation/depreciation and impairment of disposals in the year	-4,951	0	-4,951
Reversal of amortisation/depreciation and impairment of disposals	0	-634,229	-634,229
Impairment losses and depreciation at 31 December 2016	<u>1,855,785</u>	<u>29,691</u>	<u>1,885,476</u>
Carrying amount at 31 December 2016	<u><u>705,532</u></u>	<u><u>5,064</u></u>	<u><u>710,596</u></u>



Financial statements for the period 1 January - 31 December

Notes to the financial statements

9 Investments

DKK	<u>Investments in group entities, net asset value</u>
Cost at 1 January 2016	281,869
Cost at 31 December 2016	281,869
Value adjustments at 1 January 2016	-102,179
Exchange adjustment	-890
Share of the profit/loss for the year	133,713
Value adjustments at 31 December 2016	30,644
Carrying amount at 31 December 2016	<u>312,513</u>

DKK	<u>Domicile</u>	<u>Interest</u>	<u>Equity</u>	<u>Profit/loss</u>
Subsidiaries				
Nikosax Kft.	Budapest	100.00 %	197,350	60,720
Nikosax Polska Sp. z.o.o.	Warszawa	100.00 %	115,163	72,993

DKK	<u>2016</u>	<u>2015</u>
10 Share capital		
Analysis of the share capital:		
8 shares of DKK 50,000.00 nominal value each	400,000	400,000
5 shares of DKK 10,000.00 nominal value each	50,000	50,000
10 shares of DKK 5,000.00 nominal value each	50,000	50,000
	<u>500,000</u>	<u>500,000</u>

Financial statements for the period 1 January - 31 December

Notes to the financial statements

11 Deferred tax

Deferred tax relates to:

DKK	<u>2016</u>	<u>2015</u>
Intangible assets	943,000	1,257,400
Property, plant and equipment	-68,000	-79,200
Receivables	798,000	878,800
	<u>1,673,000</u>	<u>2,057,000</u>

12 Contractual obligations and contingencies, etc.

Other financial obligations

The Company has entered into operating lease agreements on fixtures and fitting, tools and equipment. The obligation amounts to DKK 184 thousand over the remaining term of the lease which is 5 months.

Furthermore, the entity has rent commitments totalling DKK 368 thousand during a period of interminability of 10 months.

13 Related parties

Nikosax A/S' related parties comprise the following:

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

<u>Name</u>	<u>Domicile</u>
UNION TANK Eckstein GmbH & Co KG	Heinrich-Eckstein-Str. 1, D-63801 Kleinostheim