

The Board of Directors and Managing Director of

FCG SIPU International AB
Corporate Identity Number 556448-4771

hereby present the

Annual Report

for the period
1 January – 31 December 2014

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Administration Report

Operations

SIPU International AB was founded in 1992 and since that time has undertaken international consulting and training for the development of, primarily, the public sector in developing and transition countries. The company's largest clients are Sida and the EU. In Sweden, the Company has just over 40 employees; world-wide there was an average of 40 employees during the year. The company also contract a large number of sub-consultants in order to execute short or long-term assignments. In many of the assignments, the company cooperate with other Swedish, international and local consulting organisations.

Development of the company's operations, performance and financial position

Despite of the quite steady operating environment and positioning, the financial performance and especially operative result of the company had been gradually weakening during the last years and therefore a financial recovery plan was activated during October. As part of this a management and organization change was conducted as well as the group steering strengthened. The training business remained at a positive level.

Results and financial position (kSEK)	2014	2013	2012	2011	2010
Operating income	141 413	146 635	128 111	134 906	130 690
Profit after financial items	2 565	5 502	3 466	2 453	5 667
Balance sheet total	64 317	95 665	102 306	91 699	82 562
Equity/assets ratio (%)	22	18	18	19	22
Return on assets (%)	18	32	19	14	31
Return on equity after tax (%)	12	23	14	10	22
Change in sales (%)	-4	14	-5	3	37
Average number of employees	42	40	62	55	55

Information about the owner

FCG SIPU International AB is 100% owned by FCG Finnish Consulting Group Oy, reg.no. 19406713.

Expected future developments and significant risks and uncertainties

The main financiers (SIDA, EU etc.), sector distribution and services remain the same. The financial status is expected to improve due to the careful value and cost analysis as well as other performance improvement. The training business estimates are conservative.

Currency development is one of the key risks in a situation, where the majority of the costs is in the Swedish Krona and increasing amounts of revenue are in Euro or other currencies, which naturally reflect the problems of the European economies.

Proposed appropriation of profits (SEK)

Retained earnings	4 875 857
Net profit for the year	<u>1 838 230</u>
Total	6 714 087

The Board of Directors proposes that profits brought forward be appropriated as follows (SEK)

To be distributed to the shareholders	2 098 000
To be carried forward	<u>4 616 087</u>
	6 714 087

Income Statement

Amounts in kSEK

	Note	2014-01-01-- 2014-12-31	2013-01-01-- 2013-12-31
Operating income			
Net sales	2, 3	140 650	142 615
Other operating income		<u>763</u>	<u>4 020</u>
		141 413	146 635
Operating expenses			
Direct project costs		-103 507	-106 847
Other external expenses	3, 4, 5	-6 917	-7 775
Personnel costs	6, 7, 8	-27 416	-25 598
Depreciation/amortisation	11	-1 040	-972
Other operating expenses		<u>-713</u>	<u>-492</u>
		-139 593	-141 684
Operating profit		1 820	4 951
Interest income	9	778	140
Interest expenses	9	<u>-33</u>	<u>411</u>
Profit after financial items		2 565	5 502
Appropriations	12	-3	-228
Tax	1, 16	<u>-724</u>	<u>-1 337</u>
Net profit for the year		1 838	3 937

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Balance Sheet

Amounts in kSEK

	Note	2014-12-31	2013-12-31
Fixed assets			
Intangible fixed assets			
Software	11	218	290
Goodwill	11	912	1 448
Land and buildings			
Cost of improvements, buildings	11	191	335
Tangible fixed assets			
Equipment	11	230	518
Financial non-current assets			
Participations in Group companies	19	272	238
Investments held as fixed assets	20	<u>2</u>	<u>3</u>
Total fixed assets		1 825	2 832
Current assets			
Current receivables			
Accounts receivable - trade		14 894	27 374
Current income taxes recoverable		1 406	810
Other receivables		1 477	246
Accrued, non-invoiced income	13	18 575	40 704
Prepaid expenses and accrued income	14	<u>1 400</u>	<u>1 413</u>
		37 752	70 547
Cash and bank balances	22	24 740	22 286
Total current assets		62 492	92 833
Total assets		64 317	95 665

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Balance Sheet, cont.

Amounts in kSEK

	Note	2014-12-31	2013-12-31
Equity	15		
Restricted equity			
Share capital (12 000 shares with a quotient value of SEK 100)		1 200	1 200
Statutory reserve		266	266
Non-restricted equity			
Retained earnings		4 876	5 814
Net profit for the year		<u>1 838</u>	<u>3 937</u>
Total equity		8 180	11 217
Untaxed reserves	16	7 850	7 847
Current liabilities			
Accounts payable - trade		6 481	7 912
Liabilities to Group companies		9 340	6 800
Advance payments from customers	17	17 458	49 460
Other current liabilities		5 857	5 662
Other interim liabilities	18	<u>9 151</u>	<u>6 767</u>
Total current liabilities		48 287	76 601
Total equity and liabilities		64 317	95 665
Memorandum items			
Pledged assets	21	22 521	39 217
Contingent liabilities		None	None

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Cash Flow Statement

Amounts in kSEK

	Note	2014-01-01-- 2014-12-31	2013-01-01-- 2013-12-31
Operating activities			
Operating profit before financial items		1 820	4 951
Depreciation/amortisation		1 040	973
Other non-cash items		<u>-</u>	<u>-</u>
		2 860	5 924
Interest received		50	72
Interest paid		-14	-300
Repayment of debt		-747	1 410
Income tax paid		<u>-1 320</u>	<u>-870</u>
<i>Changes in working capital</i>			
Increase/decrease in work in progress		22 129	7 901
Increase/decrease in accounts receivable - trade		12 480	-4 355
Increase/decrease in other current receivables		-1 218	593
Increase/decrease in accounts payable - trade		-1 431	-818
Increase/decrease in other current operating liabilities		<u>-26 883</u>	<u>-4 188</u>
Cash flow from operating activities		5 906	5 369
Investing activities			
Investments in intangible fixed assets		-	-704
Investments in tangible fixed assets		-	-603
Sales of tangible fixed assets		-	-
Investments in other financial non-current assets		-34	-
Disposals of other financial non-current assets		<u>1 457</u>	<u>-631</u>
Cash flow from investing activities		1 423	-1 938
Financing activities			
Increase/decrease in current financial liabilities		<u>-4 875</u>	<u>-5 800</u>
Cash flow from financing activities		-5 800	-5 800
Cash flow for the year		2 454	-2 369
Cash and cash equivalents at the beginning of the year		<u>22 286</u>	<u>24 655</u>
Cash and cash equivalents at year-end 10		24 740	22 286

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Notes and comments

Amounts in kSEK

Note 1 Accounting principles

The annual accounts have been prepared in accordance with the Annual Accounts Act and BFNAR 2012: 1 Annual Report and Consolidated (K3). This year is the first time the General Council applied and the transition to BFNAR 2012: 1 means a change in accounting principle. For the company's part, the transition to BFNAR 2012: 1 does not require any change in the Company's accounting policies. Assets, provisions and liabilities have been valued at cost unless otherwise specified.

The company does not establish a consolidated when the company and all subsidiaries are subject to a consolidated financial statements prepared by FCG Finnish Consulting Group Oy, Helsinki, Finland.

Intangible Fixed Assets

Intangible assets are stated at cost less accumulated depreciation and impairment losses. Depreciation is linear over the asset's estimated useful life. Depreciation is recognized as an expense in the income statement. The useful life of intangible assets is five years.

Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses. Cost includes in addition to the purchase price, expenses directly attributable to the acquisition. Depreciation is linear over the asset's estimated useful life, as it reflects the expected pattern of consumption of the asset's future economic benefits. Depreciation is recognized as an expense in the income statement. Improvements on leased property are depreciated over three years, which corresponds to the lease original length.

Leasing

All leases are accounted for as operating leases. Leasing payment under operating leases, including elevated initial rent but excluding costs for services such as insurance and maintenance, are recognized as an expense straight line basis over the lease term.

Foreign currency

Monetary items denominated in foreign currencies are translated at the closing rate. Non-monetary items are not restated but are reported to the price at the time of acquisition. Exchange differences arising on the settlement or translation of monetary items are recognized in the income statement the year they are incurred.

Financial assets

Financial assets are measured subsequent to initial recognition at cost less any impairment losses and increased by any revaluation.

Accounts receivable

Accounts receivable are recorded at the amount expected to be received after deductions for bad debts.

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Employee Benefits

Compensation to employee termination benefits have been reported in connection with the Arrangement. This is because the compensation is not seen give the company any future economic benefit. Recognized as a liability and deducted against future payment.

All the Company's pension plans are defined contribution plans. The charges for defined contribution plans are recognized as an expense. Unpaid fees are recognized as a liability.

Tax

Income tax expense in the income statement comprises current tax and deferred tax. Current tax is the income tax for the current financial year relating to the taxable income and the part of the previous business year income tax that has not yet been reported. Deferred tax is the tax on taxable income relating to future financial year as a result of past transactions or events.

Deferred tax liabilities are recognized for all taxable temporary differences, however, are not reported separately deferred tax attributable to untaxed reserves because reserves are reported as a separate item in the balance sheet. Deferred tax assets are recognized for deductible temporary differences and the possibility of future use of tax loss carry forwards. The valuation is based on how the carrying value of the corresponding asset or liability is expected to be recovered or settled. The amounts are based on tax rates and laws that have been enacted before the balance sheet date and are not discounted to present value.

Revenues

Contract revenue and contract data for fixed price contracts are recognized as revenue and cost based on the stage of completion at the balance sheet date (percentage of completion method). The completion rate is calculated as the contract costs incurred that presumptive will be replaced by the customer. Net sales include invoiced expenses.

Other

In the following notes and descriptions, information in brackets refers to the previous year.

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Note 2 Distribution of net sales per market

Region	2014	2013
Eastern Europe and NIS	34 422	45 459
Latin America	-	424
Africa	31 747	22 293
Asia	3 105	10 079
EU	<u>72 139</u>	<u>67 380</u>
	141 413	146 635

Field of activity	2014	2013
Development Consulting	98 371	107 332
International Training Programs	25 435	25 172
Training (Sweden)	<u>17 607</u>	<u>14 131</u>
	141 413	146 635

The Company has included overhead expenses for SCB's personnel administration for foreign-based personnel under sales for 2014. These expenses amount to kSEK 9 232 and have been reported under EU, above. The corresponding amount for 2013 was kSEK 9 293.

Note 3 Purchases and sales between Group companies

	2014	2013
Purchases from Group companies	400	966
Sales to Group companies	-	-

Note 4 Remuneration to auditors

	2014	2013
Interest income	778	140
Interest expenses	<u>-33</u>	<u>411</u>
	745	551

Not 5 Operating Leases

	2014	2013
Less than a year	3 479	3 279
Between one and five years	1 267	3 648
Later than five years	<u>-</u>	<u>1 069</u>
	3 746	7 996

Fiscal Year leasing charged 3 345 2 755

The lease agreements refer to lease of office equipment, office machines and office rental. Under the agreement, office inventory acquired at the lease's termination to the estimated residual value of SEK 56 289. The lease proceeds until 2019-04-30, after an automatic extension from 2016-04-30 if a cancellation is not submitted no later than 2015-07-31.

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Note 6 Average number of employees

The average number of FTEs for 2014 was 42 (40), distributed by land/region as follows.

<u>Land</u>	2014		2013	
	Men	Women	Men	Women
Sweden	17	25	15	25

Note 7 Gender distribution among senior executives

	2014		2013	
	Men	Women	Men	Women
Board of Directors, incl. MD	3	3	3	3
Management, incl. MD	3	1	3	1

Note 8 Personnel costs

	2014		2013	
	MD and BoD	Other	MD and BoD	Other
Salaries and remuneration				
Sweden	2 137	16 626	1 256	16 544
Social security contributions				
Pension costs	429	1 409	345	1 692
Other social security contributions	774	5 404	477	5 572
	1203	6 813	822	7 264
	3 340	23 439	2 078	23 808

Salaries and other remuneration to the Managing Director and Board of Directors

Salaries and other remuneration to the MD and Board of Directors during 2014 amounted to kSEK 2 137 (1 256), of which bonus kSEK 0 (0).

Pensions and similar benefits to the Managing Director and Board of Directors

Pensions to the MD and Board of Directors during 2014 amounted to kSEK 429 (345).

Agreed severance pay

The MD has a term of notice of 6 months.

Note 9 Interest income and expenses

	2014	2013
Interest income	778	140
Interest expenses	<u>-33</u>	<u>411</u>
	745	551

Note 10 Cash composition

	2014	2013
Petty cash	20	75
Bank	23 099	20 803
Petty cash, foreign local offices	<u>1 621</u>	<u>1 409</u>
	24 740	22 286

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Note 11 Intangible and tangible fixed assets

Software	2014-12-31	2013-12-31
<i>Acquisition cost</i>		
Opening value	363	-
Purchases	-	363
Sales/disposals	-	-
Closing value	363	363
<i>Amortisation</i>		
Opening value	-73	-
Amortisation for the year	-72	-73
Sales/disposals	-	-
Closing value	-145	-73
Closing residual value	218	290
Goodwill	2014-12-31	2013-12-31
<i>Acquisition cost</i>		
Opening value	2 400	2 059
Purchases	-	341
Sales/disposals	-	-
Closing value	2 400	2 400
<i>Amortisation</i>		
Opening value	-952	-485
Amortisation for the year	-536	-467
Sales/disposals	-	-
Closing value	-1 488	-952
Closing residual value	912	1 448
Buildings	2014-12-31	2013-12-31
<i>Acquisition cost</i>		
Opening value	430	-
Purchases	-	430
Sales/disposals	-	-
Closing value	430	430
<i>Depreciation</i>		
Opening value	-95	-
Depreciation for the year	-144	-95
Sales/disposals	-	-
Closing value	-239	-95
Closing residual value	191	335

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Inventories	2014-12-31	2013-12-31
<i>Acquisition cost</i>		
Opening value	2 170	2 255
Purchases	-	171
Sales/disposals	-87	-256
Closing value	2 083	2 170
<i>Depreciation</i>		
Opening value	-1 652	-1 571
Depreciation for the year	-288	-337
Sales/disposals	87	256
Closing value	-1 853	-1 652
Closing residual value	230	518

Note 12 Appropriations

	2014	2013
Reversal of tax allocation reserve	1 011	1 749
Transfer to tax allocation reserve	-1 108	-2 011
Change in accelerated depreciation/amortisation	<u>94</u>	<u>34</u>
	-3	-228

Note 13 Accrued, non-invoiced income

	2014	2013
Accrued, non-invoiced income	26 582	27 370
Invoiced amount	<u>-8 007</u>	<u>-14 274</u>
	18 575	13 096

From 2014 has accrued, non-invoiced income and advances from customers been net reported along each project's net claim or liability.

Note 14 Prepaid expenses and accrued income

	2014	2013
Prepaid rental	764	702
Other prepaid expenses and accrued income	<u>636</u>	<u>711</u>
	1 400	1 413

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Note 15 Change in equity

	Share capital	Statutory reserve	Retained earnings	Net profit for the year	Total
Opening balance	1 200	266	5 814	3 937	11 217
Adjustment of previous year's net profit			3 937	-3 937	0
Dividend according to resolution of annual general meeting			-4 875		-4 875
Net profit for the year				1 838	1 838
Amount at year-end	1 200	266	4 876	1 838	8 180

No changes have occurred in equity, when the change in accounting policy has not had any effect on the company.

Note 16 Untaxed reserves

	2014	2013
Tax allocation reserve, tax assessment year 2009	-	1 011
Tax allocation reserve, tax assessment year 2010	918	918
Tax allocation reserve, tax assessment year 2011	1 995	1 995
Tax allocation reserve, tax assessment year 2012	814	814
Tax allocation reserve, tax assessment year 2013	1 090	1 090
Tax allocation reserve, tax assessment year 2014	2 011	2 011
Tax allocation reserve, tax assessment year 2015	1 108	-
Accumulated excess depreciation	-86	42
	7 850	7 847

Deferred tax **1 727** **1 726**
The tax rate for 2014 and 2013 was 22%.

Note 17 Advance payments from customers

	2014	2013
Accrued, non-invoiced income	15 831	13 334
Invoiced amount	<u>-33 289</u>	<u>-35 186</u>
	-17 458	-21 852

From 2014 has accrued, non-invoiced income and advances from customers been net reported along each project's net claim or liability.

Note 18 Accrued expenses and deferred income

	2014	2013
Deferred income	1 267	197
Accrued project expenses	4 942	4 005
Other accrued liabilities	783	481
Holiday pay liability	837	832
Social security contributions	659	731
Special employer's contribution on pensions	<u>663</u>	<u>521</u>
	9 151	6 767

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Note 19 Participations in Group companies

Name/Corporate Identity Number	Participation	Nominal value	Book value
SIPU AB, 556446-3577	80 %	83	272

Note 20 Investments held as fixed assets

Name/Corporate Identity Number	Participation	Nominal value	Book value
FCG Ukraine LLC, 343428424, Ukraine	10 %	4	2


Note 21 Pledged assets

	2014	2013
Assets pledged for guarantees (Tacso II)	20 233	37 067
Assets pledged for guarantee (CSO Gov Office Serbia)	2 288	2 150
Floating charges	-	-
	<u>22 521</u>	<u>39 217</u>

Note 22 Bank overdraft facilities

Unused bank overdraft facilities amounting to 7MSEK.

Stockholm, 2 March 2015



Josua Falck
MD



Ari Kolehmainen
Chairman



Anette Vaini-Antila



Merja Ritamo



Åke Sahlin
employee representative

Our audit report was presented on 3 March 2015

KPMG AB



Mikael Käll
Authorized Public Accountant

Auditor's report

To the annual meeting of the shareholders of FCG SIPU International AB, corp. id 556448-4771

Report on the annual accounts

We have audited the annual accounts of FCG SIPU International AB for the year 2014.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of 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 these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require 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 misstatement.

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 judgment, including the assessment of the risks of material misstatement of 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 and fair presentation of the annual accounts 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 Board of Directors and the Managing Director, as well as evaluating 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 audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of FCG SIPU International AB as of 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet.

Other matters

The audit of the annual accounts for year 2013 was performed by another auditor who submitted an auditor's report dated 31 March 2014, with unmodified opinions in the Report on the annual accounts.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of FCG SIPU International AB for the year 2014.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As basis for our opinion on the Board of Directors proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm 3 March 2015

KPMG AB



Mikael Käll
Authorized Public Accountant