

Kontron Technology ApS

Herlev Hovedgade 195. 2730 Herlev

CVR no 18 35 13 82



Annual report 2016

Approved at the annual general meeting of shareholders on 20 June 2017

Chairman:



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Statement by the Executive Board

Today the Board of Directors and the Executive Board have discussed and approved the annual report of Kontron Technology ApS for the financial year 1 January - 31 December 2016.

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

In my 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 my opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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


Horsholm, 20 June 2017
Executive Board:

Julius von Jagow

The general meeting has decided that the financial statements for the coming financial year will not be audited.



Independent auditor's report

To the shareholder of Kontron Technology ApS

Opinion

We have audited the financial statements of Kontron Technology ApS for the financial year 1 January - 31 December 2016 which comprise an income statement, balance sheet, statement of changes in equity and notes, including 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.

Copenhagen, 20 June 2017

Ernst & Young

Godkendt Revisionspartnerselskab

CVR no. 20 70 02 28



Mogens Andreasen
State Authorised Public Accountant



Kim Thomsen
State Authorised Public Accountant



Management's review

Company details

Name	Kontron Technology ApS
Address Postal code City	Herlev Hovedgade 195 2730 Herlev
CVR no.	18 35 13 82
Established	15 March 1995
Registered office	Herlev
Financial year	1 January - 31 December
Executive Board	Julius von Jagow
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark
Bankers	Danske Bank

Management commentary

Business review

Until 2014, the Company's main activities comprised development and sales of longevity computer products.

In the financial year 2016, the Company has been without any activities.

Financial review

The income statement for 2016 shows a loss of DKK 1.305.450 against DKK -4.883.017 last year and the balance sheet at 31 December 2016 shows equity of DKK 6.330.522.

Outlook

The Company does not have any current business activities. The liquidation of the Company is planned in the financial year 2017.



Financial statements for the period 1 January - 31 December

Income statement

Note	DKK	2016	2015
	Revenue	0	3 946 108
6	Production costs	-937	-5 831 219
	Gross margin	-937	-1 885 111
6	Distribution costs	-825 987	-54 870
6	Administrative expenses	-275 926	-2 428 456
	Operating profit/loss	-1 102 850	-4 368 437
2	Financial income	128 457	862 000
3	Financial expenses	-331 057	-1 192 780
	Profit/loss before tax	-1 305 450	-4 699 217
4	Tax for the year	0	-183 800
	Profit/loss for the year	-1 305 450	-4 883 017
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-1 305 450	-4 883 017
		-1 305 450	-4 883 017



Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	2016	2015
	ASSETS		
	Non-fixed assets		
	Receivables		
	Receivables from group entities	5 703 127	17 373 011
	Other receivables	361 787	428 060
		<u>6 064 914</u>	<u>17 801 071</u>
	Cash	582 352	506 971
	Total non-fixed assets	<u>6 647 266</u>	<u>18 308 042</u>
	TOTAL ASSETS	<u>6 647 266</u>	<u>18 308 042</u>
	EQUITY AND LIABILITIES		
	Equity		
5	Share capital	500 000	6 850 000
	Retained earnings	5 830 522	785 972
	Total equity	<u>6 330 522</u>	<u>7 635 972</u>
	Liabilities		
	Current liabilities		
	Trade payables	303 954	160 676
	Payables to group entities	0	8 532 743
	Income taxes payable	0	1 809 717
	Other payables	12 790	168 934
		<u>316 744</u>	<u>10 672 070</u>
	Total liabilities other than provisions	<u>316 744</u>	<u>10 672 070</u>
	TOTAL EQUITY AND LIABILITIES	<u>6 647 266</u>	<u>18 308 042</u>

- 1 Accounting policies
- 7 Related parties



Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2015	6.850.000	5.668.989	12.518.989
Transfer through appropriation of loss	0	-4.883.017	-4.883.017
Equity at 1 January 2016	6.850.000	785.972	7.635.972
Capital reduction	-6.350.000	6.350.000	0
Transfer through appropriation of loss	0	-1.305.450	-1.305.450
Equity at 31 December 2016	500.000	5.830.522	6.330.522



Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

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

Changes to presentation and disclosures only

Effective 1 January 2016, the Company has implemented act no. 738 of 1 June 2015 with amendments to the Danish Financial Statements Act. As the implementation of the amendment act has no impact in terms of value on the income statement or the balance sheet in the financial year nor on the comparative figures, the financial statements have been prepared based on the same accounting policies as last year.

The amendment act has solely implied new or changed presentation and disclosure requirements, which have been incorporated in the financial statements.

Income statement

Revenue

Income from the rendering of services, which comprises R&D services, is recognised as revenue as the services are rendered, implying that revenue corresponds to the market value of the services rendered in the year (production method).

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Production costs

Production costs comprise expenses, including amortisation/depreciation made and salaries incurred to generate the revenue for the year.

Production costs further include research and development costs not satisfying the capitalisation criteria and depreciation of capitalised development costs.

Distribution costs

Distribution costs comprise costs related to the distribution of goods sold during the year and to sales campaigns, etc. carried out during the year, including expenses related to sales staff, advertising, exhibitions and amortisation/depreciation.

Administrative expenses

Administrative expenses include expenses incurred in the year for purposes of managing and administering the Company, including expenses relating to administrative staff, management, office premises/expenses as well as amortisation/depreciation of assets used for administrative purposes.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.



Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

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.

Cash

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

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.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised 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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Other payables

Other payables are measured at net realisable value.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

DKK		2016	2015			
2	Financial income					
	Exchange gain	128.457	851.081			
	Other financial income	0	10.919			
		<u>128.457</u>	<u>862.000</u>			
3	Financial expenses					
	Interest expenses - group entities	160.380	108.800			
	Exchange losses	170.677	961.450			
	Other financial expenses	0	122.530			
		<u>331.057</u>	<u>1.192.780</u>			
4	Tax for the year					
	Tax adjustments, prior years	0	183.800			
		<u>0</u>	<u>183.800</u>			
5	Share capital					
	Analysis of the share capital					
	500 shares of DKK 1.000,00 nominal value each	500.000	6.850.000			
		<u>500.000</u>	<u>6.850.000</u>			
	Analysis of changes in the share capital over the past 5 years					
	DKK	2016	2015	2014	2013	2012
	Opening balance	6.850.000	6.850.000	6.850.000	6.850.000	6.850.000
	Capital reduction	-6.350.000	0	0	0	0
		<u>500.000</u>	<u>6.850.000</u>	<u>6.850.000</u>	<u>6.850.000</u>	<u>6.850.000</u>
	DKK	2016	2015			
6	Staff costs					
	Wages/salaries	0	4.751.211			
	Pensions	0	238.015			
	Other social security costs	0	46.986			
	Other staff costs	0	7.993			
		<u>0</u>	<u>5.044.205</u>			
	Average number of full-time employees	<u>0</u>	<u>10</u>			



Financial statements for the period 1 January - 31 December

Notes to the financial statements

7 Related parties

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Kontron AG	Lise-Meitner-Strasse 3-5 86156 Augsburg Germany	www.kontron.com