

Combilent A/S

Gydevang 21D

3450 Allerød

Central Business Registration No

19623742

Annual report 2016

The Annual General Meeting adopted the annual report on 21.02.2017

Chairman of the General Meeting



Name: Claus Dall-Hansen

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Income statement for 2016	7
Balance sheet at 31.12.2016	8
Statement of changes in equity for 2016	10
Notes	11
Accounting policies	14

Entity details

Entity

Combilent A/S
Gydevang 21D
3450 Allerød

Central Business Registration No: 19623742

Registered in: Allerød

Financial year: 01.01.2016 - 31.12.2016

Board of Directors

Tomas Patrick Stolpe, Chairman
Gustav Ruda
Jesper Trier
Claus Dall-Hansen

Executive Board

Claus Dall-Hansen, Chief Executive Officer

Entity auditors

PriceWaterHouseCoopers Statsautoriseret Revisionspartnerselskab
Milnersvej 43
3400 Hillerød

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Combilent A/S for the financial year 01.01.2016 - 31.12.2016.

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

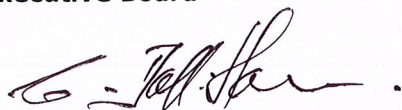
In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Allerød, 21.02.2017

Executive Board



Claus Dall-Hansen

Chief Executive Officer

Board of Directors



Tomas Patrick Stolpe

Chairman



Gustav Ruda



Jesper Trier



Claus Dall-Hansen

Independent auditor's report

To the shareholders of Combilent A/S

Opinion

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations and cash flows for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial statements Act.

We have audited the financial statements of Combilent A/S for the financial year 01.01.2016 - 31.12.2016, which comprise the 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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.

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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 these 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 scepticism throughout the audit. We also:

Independent auditor's report

- 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 Entity'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 Entity'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 conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial statements Act. We did not identify any material misstatement of the management commentary.

Hillerød, 21.02.2017

PriceWaterHouseCoopers

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33771231



Mogens Rasmussen

State Authorised Public Accountant

Management commentary

Primary activities

The Entity's activities are development, manufacture and sale of electronic equipment for the telecommunication sector.

Development in activities and finances

Results for the year 2016 show a profit of DKK 4,125 thousand and the balance sheet at 31 December 2016 shows an equity of DKK 12,923 thousand. Management considers results as satisfying.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
Gross profit		16.620.911	13.594.401
Staff costs	1	(10.956.496)	(10.831.232)
Depreciation, amortisation and impairment losses	2	<u>(608.600)</u>	<u>(540.687)</u>
Operating profit/loss		5.055.815	2.222.482
Other financial income	3	1.227.293	1.628.461
Other financial expenses	4	<u>(1.002.232)</u>	<u>(2.031.008)</u>
Profit/loss before tax		5.280.876	1.819.935
Tax on profit/loss for the year	5	<u>(1.155.458)</u>	<u>(425.398)</u>
Profit/loss for the year		<u>4.125.418</u>	<u>1.394.537</u>
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		0	2.500.000
Retained earnings		<u>4.125.418</u>	<u>(1.105.463)</u>
		<u>4.125.418</u>	<u>1.394.537</u>

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
Other fixtures and fittings, tools and equipment		1.144.519	1.953.783
Leasehold improvements		42.721	68.659
Property, plant and equipment	6	<u>1.187.240</u>	<u>2.022.442</u>
Investments in group enterprises		550	550
Receivables from group enterprises		5.787.525	3.135.732
Other receivables		395.411	395.411
Fixed asset investments	7	<u>6.183.486</u>	<u>3.531.693</u>
Fixed assets		<u>7.370.726</u>	<u>5.554.135</u>
Raw materials and consumables		11.558.699	13.402.307
Inventories		<u>11.558.699</u>	<u>13.402.307</u>
Trade receivables		10.096.642	9.341.046
Other receivables		440.436	579.974
Prepayments		278.943	180.991
Receivables		<u>10.816.021</u>	<u>10.102.011</u>
Cash		<u>3.161.769</u>	<u>767.122</u>
Current assets		<u>25.536.489</u>	<u>24.271.440</u>
Assets		<u>32.907.215</u>	<u>29.825.575</u>

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
Contributed capital	8	600.000	600.000
Retained earnings		12.323.173	7.397.755
Proposed dividend		0	2.500.000
Equity		<u>12.923.173</u>	<u>10.497.755</u>
Deferred tax		73.046	100.165
Provisions		<u>73.046</u>	<u>100.165</u>
Bank loans		4.711.937	6.619.112
Trade payables		3.253.649	3.806.035
Payables to group enterprises		10.773.959	7.371.474
Income tax payable		232.577	380.425
Other payables		938.874	1.050.609
Current liabilities other than provisions		<u>19.910.996</u>	<u>19.227.655</u>
Liabilities other than provisions		<u>19.910.996</u>	<u>19.227.655</u>
Equity and liabilities		<u>32.907.215</u>	<u>29.825.575</u>
Contingent liabilities	9		
Group relations	10		

Statement of changes in equity for 2016

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	600.000	7.397.755	2.500.000	10.497.755
Ordinary dividend paid	0	0	(1.700.000)	(1.700.000)
Other equity postings	0	800.000	(800.000)	0
Profit/loss for the year	0	4.125.418	0	4.125.418
Equity end of year	600.000	12.323.173	0	12.923.173

Notes

	2016	2015
	DKK	DKK
1. Staff costs		
Wages and salaries	9.837.919	9.750.012
Pension costs	857.526	855.460
Other social security costs	261.051	225.760
	10.956.496	10.831.232
Average number of employees	20	18
	2016	2015
	DKK	DKK
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	521.558	643.257
Profit/loss from sale of intangible assets and property, plant and equipment	87.042	(102.570)
	608.600	540.687
	2016	2015
	DKK	DKK
3. Other financial income		
Financial income arising from group enterprises	89.117	40.717
Other financial income	1.138.176	1.587.744
	1.227.293	1.628.461
	2016	2015
	DKK	DKK
4. Other financial expenses		
Financial expenses from group enterprises	61.732	46.283
Interest expenses	940.500	1.984.725
	1.002.232	2.031.008
	2016	2015
	DKK	DKK
5. Tax on profit/loss for the year		
Tax on current year taxable income	1.182.577	380.425
Change in deferred tax for the year	(27.119)	44.973
	1.155.458	425.398

Notes

	Other fixtures and fittings, tools and equipment DKK	Leasehold improve- ments DKK	
6. Property, plant and equipment			
Cost beginning of year	12.849.012	259.744	
Additions	43.398	0	
Disposals	(853.036)	0	
Cost end of year	12.039.374	259.744	
Depreciation and impairment losses beginning of the year	(10.895.229)	(191.085)	
Depreciation for the year	(495.620)	(25.938)	
Reversal regarding disposals	495.994	0	
Depreciation and impairment losses end of the year	(10.894.855)	(217.023)	
Carrying amount end of year	1.144.519	42.721	
	Investments in group enterprises DKK	Receivables from group enterprises DKK	Other receivables DKK
7. Fixed asset investments			
Cost beginning of year	550	3.135.732	395.411
Additions	0	2.651.793	0
Cost end of year	550	5.787.525	395.411
Carrying amount end of year	550	5.787.525	395.411
	Registered in	Corpo- rate form	Equity inte- rest %
Investments in group enterprises comprise:			
Combilent USA Ltd. EIN 27-3991986	Chicago	Ltd.	100,0

Notes

	<u>Number</u>	<u>Par value DKK</u>	<u>Nominal value DKK</u>
8. Contributed capital			
Ordinary shares	600	1.000	600.000
	600		600.000

9. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which Indutrade A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2013 for income taxes etc. for the jointly taxed entities, and from 1 July 2012 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

10. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Indutrade AB, Stockholm, Sweden

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in

Accounting policies

the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Accounting policies

Balance sheet

Property, plant and equipment

Leasehold improvements as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are measured at cost and are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Accounting policies

Cash

Cash comprises bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Other financial liabilities

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

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.