

Excitor A/S

Spotorno Allé 12, 2630 Taastrup


CVR no. 26 03 15 08



Annual report 2015

Approved at the Company's annual general meeting on 13 May 2016

Chairman:



Lars Hamann



Building a better
working world

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Excitor A/S for the financial year 1 January - 31 December 2015.

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

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January - 31 December 2015.

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.

Taastrup, 13 May 2016
Executive Board:

Hans René Stockner

Board of Directors:

Ole Finn Nielsen
Chairman

Tetsuhito Tajima

Nobou Kamata

Independent auditors' report

To the shareholders of Excitor A/S

Independent auditors' report on the financial statements

We have audited the financial statements of Excitor A/S for the financial year 1 January - 31 December 2015, which comprise income statement, balance sheet and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility 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 that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the preparation of financial statements that give a true and fair view 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 Management, as well as evaluating the overall presentation of the financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of its operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Emphasis of matter regarding the financial statements

Without modifying our opinion, we wish to draw attention to note 2 to the financial statements, which describes the uncertainty related to going concern.

Independent auditors' report

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 13 May 2016
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Ole Hedemann
State Authorised Public Accountant

Anders Flymer-Dindler
State Authorised Public Accountant

Management's review

Company details

Name	Excitor A/S
Address, zip code, city	Spotorno Allé, 2630, Taastrup
CVR no.	26031508
Established	3 May 2001
Registered office	Taastrup
Financial year	1 January - 31 December
Website	www.excitor.com
Telephone	+45 70 21 68 00
Board of Directors	Ole Finn Nielsen, Chairman Tetsuhito Tajima Nobou Kamata
Executive Board	Hans René Stockner
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvold Helmuths vej 4, DK-2000 Frederiksberg

Management's review

Operating review

Principal activities of the Company

Excitor develops and sells IT systems and offers consulting and support services in this relation.

Development in activities and financial matters

Results for the year amount to a loss of DKK 5,232 thousand compared to a loss of DKK 10,422 thousand in 2014. Results for the year are significantly influenced by a tax income of DKK 5,366 thousand.

The financial year has been affected by continued high investments in product development and increased competition. The performance for the year is below expectation but is considered satisfactory considering market conditions.

Management expects to re-establish its share capital through future profits or if needed debt conversion. Management expects to realise improved results in 2016 and a profit in 2017.

The continued operation of the Company depends on infusion of additional funds in the form of loan and/or a capital increase. The parent company, Soliton Systems K.K., Japan, is supporting the Company with necessary funds and has provided a letter of support valid until 31 December 2016.

Based on the support from Soliton Systems K.K., expectations and planned initiatives, Management has presented the financial statements on a going concern basis.

Events after the balance sheet date

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

Financial statements for the period 1 January - 31 December

Income statement

Note	DKK'000	2015	2014
	Gross profit	10,250	14,043
3	Staff costs	-19,873	-24,213
	Depreciation, amortisation and impairment losses	0	-59
	Operating loss	-9,623	-10,229
4	Financial income	1	0
5	Financial expenses	-976	-1,445
	Loss before tax	-10,598	-11,674
6	Tax on loss for the year	5,366	1,252
	Loss for the year	-5,232	-10,422
	Proposed distribution of loss		
	Dividends for the financial year	0	0
	Retained earnings	-5,232	-10,422
		-5,232	-10,422

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2015	2014
	ASSETS		
	Non-current assets		
	Intangible assets		
7	Development projects in progress	3,011	0
		3,011	0
	Investments		
8	Shares in subsidiaries	19,705	19,705
	Deposits	238	6
		19,943	19,711
	Total non-current assets	22,954	19,711
	Current assets		
	Receivables		
	Trade receivables	1,902	4,463
	Amounts owed by group companies	0	45
	Other receivables	3	24
	Tax receivable	2,299	0
	Prepayments	135	187
		4,339	4,719
	Cash at hand and in bank	705	9,345
	Total current assets	5,044	14,064
	TOTAL ASSETS	27,998	33,775

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2015	2014
	EQUITY AND LIABILITIES		
10	Equity		
	Share capital	17,980	17,980
	Retained earnings	-45,327	-40,095
	Total equity	<u>-27,347</u>	<u>-22,115</u>
	Bank loans	0	677
	Trade payables	899	6,886
	Payables to group enterprises	43,100	34,023
	Other payables	5,411	4,078
	Prepayments	5,935	10,226
		<u>55,345</u>	<u>55,890</u>
	Total liabilities	<u>55,345</u>	<u>55,890</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>27,998</u></u>	<u><u>33,775</u></u>

- 1 Accounting policies
- 2 Material uncertainties regarding going concern
- 9 Deferred tax
- 11 Contractual obligations and contingencies, etc.
- 12 Related party disclosures

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Excitor A/S for 2015 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

In accordance with section 110(1) of the Danish Financial Statements Act, consolidated financial statements have not been prepared.

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

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are 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 rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Non-current assets acquired in foreign currencies are measured at the exchange rate at the transactions date.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue and external expenses.

Revenue

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

Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

Other external expenses

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

Staff costs

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

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and 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 intangible assets as well as property, plant and equipment.

Financial income

Other financial income comprises dividends, etc., received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets 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, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Income taxes

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 Company 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).

Balance sheet

Development projects

Development projects comprise product development and are measured at cost less accumulated amortisation. Intangible assets are amortised on a straight-line basis over the estimated useful life. Development projects in progress are not amortised. At 31 December, no finalised development projects were recognised in the balance sheet.

Investments

Investments in subsidiaries are measured at cost. If cost exceeds the recoverable amount, a write-down is made to this lower value.

Receivables

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

Prepayments

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

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or the completion of the services agreed.

2 Material uncertainties regarding going concern

The going concern of the Company is conditional upon contribution of cash, either by way of a share increase or through an extension of the existing credit facilities, or through new lenders. The Company has received a letter of support from its parent company which confirms that the parent company will provide all the support that may be needed, including financial support, until 31 December 2016. Based on this, it is Management's opinion that the financial statements can be prepared on a going concern assumption.

DKK'000	2015	2014
3 Staff costs		
Wages and salaries	20,910	22,148
Pensions	1,427	1,679
Other social security costs	342	386
Staff costs capitalised as development projects	-2,806	0
	<u>19,873</u>	<u>24,213</u>
4 Financial income		
Other interest income	1	0
	<u>1</u>	<u>0</u>
5 Financial expenses		
Interest expense to group companies	507	194
Interest expense, banks	37	790
Exchange rate loss	230	350
Other financial expenses	202	111
	<u>976</u>	<u>1,445</u>

Financial statements for the period 1 January - 31 December

Notes to the financial statements

6 Tax on loss for the year		
DKK'000	2015	2014
Computed tax on the taxable income for the year	0	2
Tax credit related to the fiscal year	2,299	0
Adjustment of deferred tax for the year	0	0
Adjustment to tax relating to previous years	3,067	1,250
	<u>5,366</u>	<u>1,252</u>

7 Intangible assets		Development projects in progress
DKK'000		
Cost at 1 January 2015		0
Additions		3,011
Cost at 31 December 2015		<u>3,011</u>
Impairment and amortisation at 1 January 2015		0
Amortisation		0
Impairment and amortisation at 31 December 2015		0
Carrying amount at 31 December 2015		<u><u>3,011</u></u>

8 Investments in subsidiaries

Key figures of the Company's subsidiary at 31 December 2015:

Name and registered office ('000 DKK)	Ownership interest	Equity	Profit for the year
Giritech A/S	100 %	<u>11,238</u>	<u>12,525</u>

9 Deferred tax

The Company has a deferred tax asset of DKK 34,541 thousand which has not been capitalised.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

10 Equity

DKK'000	Share capital	Retained earnings	Proposed dividends	Total
Balance at 1 January 2015	17,980	-40,095	0	-22,115
Dividends paid	0	0	0	0
Transferred; see distribution of loss	0	-5,232	0	-5,232
Balance at 31 December 2015	17,980	-45,327	0	-27,347

Changes in share capital for the past five years can be specified as follows:

DKK'000	2015	2014	2013	2012	2011
Balance at 1 January	17,980	17,980	15,980	12,355	9,944
Cash capital increase	0	0	2,000	3,625	2,411
	17,980	17,980	17,980	15,980	12,355

11 Contractual obligations and contingencies, etc.

Contingent liabilities

The Company is jointly taxed with the subsidiary Giritech A/S. As the administrative company, together with Giritech A/S, the Company has joint and several unlimited liability for Danish corporation taxes.

Operating leases

The Company has entered into operating lease commitments of DKK 1,215 thousand (2014: 1,390 thousand) and rent commitments of DKK 2,071 thousand (2014: 2,071 thousand).

12 Related party disclosures

Excitor A/S' related parties comprise the following:

Parties exercising control

Soliton Systems, K.K., 2-4-3 Shinjuku, Shinjuku-ku, Tokyo 160-0022, Japan, owns all of the shares of the Company. The Company is included in the consolidated financial statements of Soliton Systems K.K.