

Giritech A/S

Spotorno Allé 12, 2630 Taastrup

CVR no. 27 24 17 19



Annual report 2015

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

Chairman:



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Lars Hamann



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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 Giritech 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

Hans René Stockner

Independent auditors' report

To the shareholders of Giritech A/S

Independent auditors' report on the financial statements

We have audited the financial statements of Giritech 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.

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	Giritech A/S
Address, zip code, city	Spotorno Allé, 2630, Taastrup
CVR no.	27241719
Established	3 July 2003
Registered office	Taastrup
Financial year	1 January - 31 December
Telephone	+45 70 21 68 00
Board of Directors	Ole Finn Nielsen, Chairman Tetsuhito Tajima Hans René Stockner
Executive Board	Hans René Stockner
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvold Helmuhs vej 4, DK-2000 Frederiksberg

Management's review

Operating review

Principal activities of the Company

Giritech develops and sells IT systems and related hardware.

Development in activities and financial matters

Giritech continued being profitable. The performance for the year is considered satisfactory considering market conditions.

Giritech expects an activity level in 2016 similar to the one in 2015. Further, it is expected to realise a positive EBIT in 2016.

The Company has a significant receivable from the parent company. Should the unlikely happen that the parent does not pay, 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.

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	988	1,527
	Depreciation, amortisation and impairment losses	-25	-25
	Operating loss	963	1,502
2	Financial income	259	217
3	Financial expenses	-12	-78
	Profit before tax	1,210	1,641
4	Tax on loss for the year	0	0
	Profit for the year	1,210	1,641
	Proposed profit appropriation		
	Dividends for the financial year	0	0
	Retained earnings	1,210	1,641
		1,210	1,641

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2015	2014
	ASSETS		
	Non-current assets		
	Property, Plant and equipment		
	Other fixtures and fittings, tools and equipment	10	35
		10	35
	Total non-current assets	10	35
	Current assets		
	Inventories		
	Manufactured goods and goods for resale	1,040	621
		1,040	621
	Receivables		
	Trade receivables	236	952
	Amounts owed by group companies	11,011	10,781
	Prepayments	0	41
		11,247	11.774
	Cash at hand and in bank	228	164
	Total current assets	12,515	12.559
	TOTAL ASSETS	12,525	12.594

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2015	2014
	EQUITY AND LIABILITIES		
5	Equity		
	Share capital	500	500
	Retained earnings	10,738	9,528
	Total equity	<u>11,238</u>	<u>10,028</u>
	Current liabilities		
	Trade payables	18	339
	Other payables	248	665
	Prepayments	1,021	1,562
		<u>1,287</u>	<u>2,566</u>
	Total liabilities	<u>1,287</u>	<u>2,566</u>
	TOTAL EQUITY AND LIABILITIES	<u>12,525</u>	<u>12,594</u>

- 1 Accounting policies
- 6 Contractual obligations and contingencies, etc.
- 7 Related party disclosures

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

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

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 and manufactured goods 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.

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 statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

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

Property, plant and equipment

Costs comprise 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 5 years

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

Inventories

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

Costs consist of purchase price plus delivery costs. Cost of manufactured goods consists of costs of raw materials, consumables, and direct labour costs. The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

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

Other financial liabilities

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

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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

DKK'000	2015	2014
2 Financial income		
Financial income from group companies	233	195
Other interest income	26	22
	<u>259</u>	<u>217</u>
3 Financial expenses		
Interest expense	12	2
Exchange rate loss	0	60
Other financial expenses	0	16
	<u>12</u>	<u>78</u>
4 Tax on profit for the year		
Computed tax on the taxable income for the year	0	0
	<u>0</u>	<u>0</u>

5 Equity

DKK'000	Share capital	Retained earnings	Proposed dividends	Total
Balance at 1 January 2015	500	9,528	0	10,028
Dividends paid	0	0	0	0
Transferred; see profit appropriation	0	1,210	0	1,210
Balance at 31 December 2015	<u>500</u>	<u>10,738</u>	<u>0</u>	<u>11,238</u>

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	500	500	500	6,535	5,875
Cash capital increase	0	0	0	2,381	660
Capital decrease	0	0	0	-8,416	0
	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>	<u>6,535</u>

Financial statements for the period 1 January - 31 December

Notes to the financial statements

6 Contractual obligations and contingencies, etc.

Contingent liabilities

The Company is jointly taxed with the parent company Excitor A/S which is the administrative company. The Company has joint and several unlimited liability for Danish corporation taxes.

7 Related party disclosures

Giritech A/S' related parties comprise the following:

Parties exercising control

Excitor A/S, Spotorno Allé 12, 2630 Taastrup (owns 100 % of the share capital).

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