

---

# ***Litepoint Europe A/S***

Alfred Nobles Vej 27, 3., DK-9220 Aalborg Øst

## **Annual Report for 1 January - 31 December 2016**

---

CVR No 29 61 80 46

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
31/5 2017

Carsten Palsgaard  
Chairman



**pwc**

# Contents

	<u>Page</u>
<b>Management's Statement and Auditor's Report</b>	
Management's Statement	1
Independent Auditor's Report	2
<b>Company Information</b>	
Company Information	4
<b>Financial Statements</b>	
Income Statement 1 January - 31 December	5
Balance Sheet 31 December	6
Statement of Changes in Equity	8
Notes to the Financial Statements	9
Notes, Accounting Policies	12

## **Management's Statement**

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Litepoint Europe A/S for the financial year 1 January - 31 December 2016.

The Annual Report is 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 at 31 December 2016 of the Company and of the results of the Company operations for 2016.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Aalborg, 31 May 2017

### **Executive Board**

Jens Jungersen  
Executive Officer

### **Board of Directors**

Michael Dennis Callahan

Charles Jeffrey Gray

Bradford Bigelow Robbins

# Independent Auditor's Report

To the Shareholder of Litepoint Europe A/S

## Opinion

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.

We have audited the Financial Statements of Litepoint Europe A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## 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 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 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

# Independent Auditor's Report

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.
- 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the 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.

Odense, 31 May 2017

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Mikael Johansen  
State Authorised Public Accountant

Henrik Trangeled Kristensen  
State Authorised Public Accountant

## **Company Information**

### **The Company**

Litepoint Europe A/S  
Alfred Nobles Vej 27, 3.  
DK-9220 Aalborg Øst

CVR No: 29 61 80 46  
Financial period: 1 January - 31 December  
Municipality of reg. office: Aalborg

### **Board of Directors**

Michael Dennis Callahan  
Charles Jeffrey Gray  
Bradford Bigelow Robbins

### **Executive Board**

Jens Jungersen

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Rytterkasernen 21  
Postboks 370  
DK-5100 Odense C

## Income Statement 1 January - 31 December

	Note	2016 DKK	2015 DKK
<b>Gross profit/loss</b>		<b>9.136.095</b>	<b>8.703.508</b>
Staff expenses	2	-6.922.473	-6.511.801
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-908.426	-866.499
<b>Profit/loss before financial income and expenses</b>		<b>1.305.196</b>	<b>1.325.208</b>
Financial income		0	630.439
Financial expenses		-100.024	-15.094
<b>Profit/loss before tax</b>		<b>1.205.172</b>	<b>1.940.553</b>
Tax on profit/loss for the year	3	-276.332	-507.576
<b>Net profit/loss for the year</b>		<b>928.840</b>	<b>1.432.977</b>

## Distribution of profit

### Proposed distribution of profit

Retained earnings		928.840	1.432.977
		<b>928.840</b>	<b>1.432.977</b>

# Balance Sheet 31 December

## Assets

	Note	2016 DKK	2015 DKK
Acquired licenses		649.874	1.516.373
<b>Intangible assets</b>	4	<b>649.874</b>	<b>1.516.373</b>
Other fixtures and fittings, tools and equipment		59.671	0
Leasehold improvements		19.987	0
<b>Property, plant and equipment</b>	5	<b>79.658</b>	<b>0</b>
<b>Fixed assets</b>		<b>729.532</b>	<b>1.516.373</b>
Trade receivables		6.712.748	2.939.829
Other receivables		350.509	366.351
Deferred tax asset		197.442	93.051
Prepayments		31.823	106.884
<b>Receivables</b>		<b>7.292.522</b>	<b>3.506.115</b>
<b>Cash at bank and in hand</b>		<b>1.744.079</b>	<b>2.585.035</b>
<b>Currents assets</b>		<b>9.036.601</b>	<b>6.091.150</b>
<b>Assets</b>		<b>9.766.133</b>	<b>7.607.523</b>



# Balance Sheet 31 December

## Liabilities and equity

	<u>Note</u>	<u>2016</u> DKK	<u>2015</u> DKK
Share capital		500.000	500.000
Retained earnings		5.337.504	4.408.663
<b>Equity</b>		<b><u>5.837.504</u></b>	<b><u>4.908.663</u></b>
Trade payables		140.897	7.010
Payables to group enterprises		1.899.012	775.209
Corporation tax		246.523	564.589
Other payables		1.312.876	1.352.052
Deferred income		329.321	0
<b>Short-term debt</b>		<b><u>3.928.629</u></b>	<b><u>2.698.860</u></b>
<b>Debt</b>		<b><u>3.928.629</u></b>	<b><u>2.698.860</u></b>
<b>Liabilities and equity</b>		<b><u>9.766.133</u></b>	<b><u>7.607.523</u></b>
Main activity	1		
Contingent assets, liabilities and other financial obligations	6		
Related parties	7		

## Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	500.000	4.408.664	4.908.664
Net profit/loss for the year	0	928.840	928.840
<b>Equity at 31 December</b>	<b>500.000</b>	<b>5.337.504</b>	<b>5.837.504</b>

# Notes to the Financial Statements

## 1 Main activity

The company's main activity is to trade and test wireless communications equipment.

	2016 <u>DKK</u>	2015 <u>DKK</u>
<b>2 Staff expenses</b>		
Wages and salaries	6.190.799	5.933.144
Pensions	0	240.273
Other social security expenses	25.395	31.242
Other staff expenses	<u>706.279</u>	<u>307.142</u>
	<b><u>6.922.473</u></b>	<b><u>6.511.801</u></b>
<b>Average number of employees</b>	<u><b>7</b></u>	<u><b>6</b></u>
<b>3 Tax on profit/loss for the year</b>		
Current tax for the year	380.723	600.627
Deferred tax for the year	<u>-104.391</u>	<u>-93.051</u>
	<b><u>276.332</u></b>	<b><u>507.576</u></b>
<b>4 Intangible assets</b>		Acquired licenses <u>DKK</u>
Cost at 1 January		<u>2.599.497</u>
Cost at 31 December		<u>2.599.497</u>
Impairment losses and amortisation at 1 January		1.083.124
Amortisation for the year		<u>866.499</u>
Impairment losses and amortisation at 31 December		<u>1.949.623</u>
<b>Carrying amount at 31 December</b>		<b><u>649.874</u></b>

# Notes to the Financial Statements

## 5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost at 1 January	257.035	0
Additions for the year	79.562	42.024
Cost at 31 December	<u>336.597</u>	<u>42.024</u>
Impairment losses and depreciation at 1 January	257.036	0
Depreciation for the year	19.890	22.037
Impairment losses and depreciation at 31 December	<u>276.926</u>	<u>22.037</u>
<b>Carrying amount at 31 December</b>	<b><u>59.671</u></b>	<b><u>19.987</u></b>
	2016	2015
	DKK	DKK

## 6 Contingent assets, liabilities and other financial obligations

### Rental and lease obligations

Rent obligations	<u>305.164</u>	<u>557.000</u>
------------------	----------------	----------------

### Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Teradyne Holdings Denmark ApS, which is the management company of the joint taxation purposes. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

# Notes to the Financial Statements

## 7 Related parties

	<u>Basis</u>
<b>Controlling interest</b>	
LitePoint Corporation	Holds the majority of the share capital
<b>Consolidated Financial Statements</b>	
<u>Name</u>	<u>Place of registered office</u>
LitePoint Corporation	USA
Teradyne Inc.	USA

The Group Annual Report of LitePoint Corporation and Teradyne Inc. may be obtained by contacting the company.

## **Notes, Accounting Policies**

### **Basis of Preparation**

The Annual Report of Litepoint Europe A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

Financial Statements for 2016 are presented in DKK.

### **Recognition and measurement**

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### **Translation policies**

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

# Notes, Accounting Policies

## Income Statement

### Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

### Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

### Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the enterprise.

### Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

## Notes, Accounting Policies

### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish subsidiaries. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

## Balance Sheet

### Intangible assets

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 3 years.

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	2-5 years
Leasehold improvements	2-5 years

Depreciation period and residual value are reassessed annually.



## **Notes, Accounting Policies**

### **Impairment of fixed assets**

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

### **Receivables**

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

### **Prepayments**

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

### **Equity**

#### ***Dividend***

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

### **Deferred tax assets and liabilities**

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

### **Current tax receivables and liabilities**

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

## **Notes, Accounting Policies**

### **Financial debts**

Debts are measured at amortised cost, substantially corresponding to nominal value.

### **Deferred income**

Deferred income comprises payments received in respect of income in subsequent years.