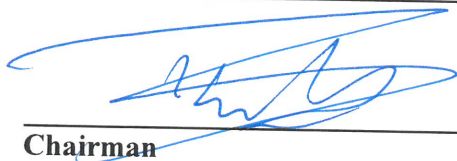


VALCON DESIGN A/S

Christianshusvej 187
2970 Hørsholm

Annual Report
1 July 2015-30 June 2016

**The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 27 September 2016**



Chairman

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Corporate Information

Company

VALCON DESIGN A/S
Christianshusvej 187
2970 Hørsholm

Phone number: 45802037

CVR no.: 30721101

Financial year: 01/07/2015-30/06/2016

Bank

Danske Bank, Department: Holmens Kanal
Holmens Kanal 2
1090 København K
DK Denmark

Auditor

PRICEWATERHOUSECOOPERS
STATSAUTORISERET REVISIONSPARTNERSELSKAB

Strandvejen 44

2900 Hellerup

DK Danmark

CVR no.: 33771231

Production unit no.: 1016959517

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Valcon Design for the financial year 1 July 2015 – 30 June 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 30 June 2016 of the Company and of the results of the Company operations for the financial year 1 July 2015 – 30 June 2016.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Hørsholm, on 27 September 2016

Executive Board



Janus Juul Rasmussen

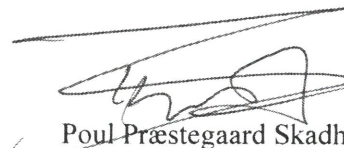
Board of Directors




Janus Juul Rasmussen



Peter Kåre Groes Christiansen



Poul Præstegaard Skadhede



Per Gunnar Linus Norlin

Independent Auditor's Report on the Financial Statements

To the Shareholders of Valcon Design A/S

Report on the Financial Statements

We have audited the Financial Statements of Valcon Design A/S for the financial year 1 July 2015 – 30 June 2016, which comprise Income Statement, Balance Sheet, Notes and Summary of significant 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 as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 whether the Financial Statements are free from material misstatement. An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, 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 auditor considers internal control relevant to the Company's 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 audit opinion.

Our audit has not resulted in any qualification.

Independent Auditor's Report on the Financial Statements

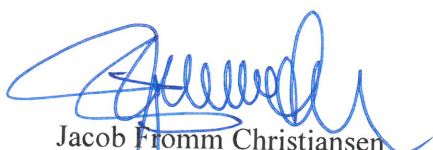
Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 June 2016 and of the results of the Company operations for the financial year 1 July 2015 – 30 June 2016 in accordance with the Danish Financial Statements Act.

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is consistent with the Financial Statements.

Hørsholm, on 27 September 2016



Jacob Fromm Christiansen
State Authorised Public Accountant
PRICEWATERHOUSECOOPERS
STATSAUTORISERET
REVISIONSPARTNERSELSKAB
CVR NO.: 33771231



Kim Danstrup
State Authorised Public Accountant
PRICEWATERHOUSECOOPERS
STATSAUTORISERET
REVISIONSPARTNERSELSKAB
CVR NO.: 33771231

Management's Review

Main activity

Valcon Design A/S delivers a number of services within R&D including consultancy services as well as product development and design work. In addition to that, training and optimisation projects within Robust Design to enhance the innovation height and overall efficiency in client's R&D work, and to reduce the client's time to market.

Development in activities and financial affairs

The Income Statement shows revenue of DKK 25.8 million compared to DKK 21.9 million last year which is DKK 3.9 million more.

The Income Statement of the Company shows a profit of DKK 2.8 million compared to a loss of DKK 0.2 million in 2014/15.

At the end of the financial year, Valcon Design A/S' volume of orders and project pipeline are satisfactory.

Events after the balance sheet date

No events materially influencing the Company's financial position as at 30 June 2016 have occurred.

Accounting policies

The Annual Report has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to class B enterprises.

The accounting principles are consistent with those of last year.

The Financial Statements are presented in Danish kroner.

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.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

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.

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.

Income Statement

Net revenue

Revenues from 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.

Net revenue comprises re-invoicing of work carried out by subsuppliers.

Accounting policies

External expenses

External expenses comprise expenses related to sales, advertising, administration, premises, bad debts, operating leases, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as holiday pay and staff welfare expenses.

Financial income and expenses

Financial income and expenses include interest income and expenses, realised and unrealised capital gains and losses on debt and transactions in foreign currencies as well as allowances and surcharges under the Danish Tax Prepayment Scheme, etc.

Tax on profit/loss for the year

Valcon Design A/S is subject to the Danish rules on compulsory joint taxation applicable for the Valcon Business Development A/S group's Danish subsidiaries. Subsidiaries are included in the joint taxation in the period when the parent has controlling interest.

The company's parent company, Valcon Business Development A/S, acts as administration company in relation to the joint taxation and thus settles all corporate tax payments with the tax authorities.

The current Danish corporation tax is allocated among the jointly taxed companies in proportion to their respective taxable income. Companies contributing a tax loss being set off against taxable income in another company receive a cash payment equal to the tax value of the loss from the company using the loss to reduce its own taxable income.

Tax for the year that comprises current joint taxation contributions and changes in deferred tax is recognised in the Income Statement.

Balance Sheet

Intangible Assets

Intangible assets are initially measured at cost.

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its estimated useful life which is 10 years.

Acquired licenses (software) are measured at cost less accumulated amortisation. Licenses (software) are amortised over the period of the agreement, however, no more than 5 years.

Profit or loss deriving from the sales of intangible assets is measured as the difference between the sales price less selling costs and the carrying amount at the time of the sale. Profit or loss is recognised in the Income Statement as other operating income or other operating expenses.

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.

Accounting policies

If so, the asset or the group of assets is written down. If so, the asset or the group of assets is written down to its lower recoverable amount.

Leases

All leases are considered operating leases. Payments made under operating leases or any other leases are recognised in the Income Statement over the lease term. The Company's total provisions regarding operating leases and any other leases are stated in contingent assets, liabilities and other financial obligations.

Receivables

Receivables are recognised at the lower of amortised cost.

Provisions for estimated bad debts are made based on an individual impairment assessment of a receivable or group of receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and short-term securities with a duration less than three months that are readily convertible to cash and are subject to an insignificant risk of changes in value.

Contract work in progress

Contract work in progress is recognised according to the production method at the selling price of the work carried including expenses and less amounts invoiced on account.

The individual contract work in progress services are recognised as financial income and expenses in the balance sheet.

Net assets comprise the sum of contract work in progress in which the selling price exceeds work carried out invoiced on account. Net payables comprise the sum of contract work in progress in which invoicing on account exceeds the selling price of work carried out.

Equity - dividend

Proposed dividends for the year are recognised as a liability when approved by the Annual General Meeting (declaration date). Dividend proposed for the year is disclosed as a separate equity item.

Corporation tax and deferred tax

Receivables and payable joint taxation contributions are recognised in the balance sheet in receivables/payables from group enterprises.

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the accounting and tax bases of assets and liabilities. However, deferred income tax of temporary differences related to non-deductible goodwill or other items where temporary differences occur at the time of acquisition without influencing results or taxable income is not recognised. In case the value for tax purposes can be determined following alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Accounting policies

Deferred tax assets including the tax base of tax losses to be carried forward are recognised at the expected value of their utilisation, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction.

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.

Debt

Debt is measured at net realisable value.

Prepayments

Prepayments comprise prepaid expenses concerning the following financial year.

Income Statement as at 1 July 2015 – 30 June 2016

	Note	2015/16 DKK	2014/15 DKK
Net revenue		25,840,492	21,939,017
External expenses		-7,223,721	-7,603,639
Gross profit/loss		18,616,771	14,335,378
Staff expenses	1	-14,756,429	-14,219,893
Amortisation, depreciation and impairment losses		-220,701	-285,965
Operating profit/loss		3,639,641	-170,480
Other financial income	2	6,919	18,273
Other financial expenses	3	-26,775	-73,658
Profit/loss from ordinary activities before tax		3,619,785	-225,865
Tax on profit/loss for the year	4	-800,388	57,970
Net profit/loss for the year		2,819,397	-167,895
Proposed distribution of profit			
Retained earnings		2,819,397	-167,895
Total		2,819,397	-167,895

Balance Sheet as at 30 June 2016

	Note	2015/16 DKK	2014/15 DKK
Acquired licenses		0	20,701
Goodwill		200,000	400,000
Total intangible assets	5	200,000	420,701
Total fixed assets		200,000	420,701
Trade receivables		2,763,033	4,936,984
Contract work in progress	6	1,652,292	408,347
Receivables from group enterprises		134,202	2,919,122
Other receivables		233,526	174,117
Total receivables		4,783,053	8,438,570
Cash at bank and in hand		9,545,447	2,219,764
Total current assets		14,328,500	10,658,334
Total assets		14,528,500	11,079,035

Balance Sheet as at 30 June 2016

	Note	2015/16 DKK	2014/15 DKK
Registered capital, etc.	7	500,000	500,000
Retained earnings		4,077,020	2,257,623
Proposed dividend for the year		0	0
Total equity	8	4,577,020	2,757,623
Provision for deferred tax		37,456	83,829
Total provisions		37,456	83,829
Prepayments received from customers		0	235,351
Trade payables		232,155	403,113
Payables to group enterprises		5,957,745	3,779,082
Other payables, including taxes and other social security expenses		3,724,124	3,820,037
Total short-term debt		9,914,024	8,237,583
Total payables		9,914,024	8,237,583
Total liabilities and equity		14,528,500	11,079,035

Notes

1. Staff expenses

	2015/16	2014/15
	DKK	DKK
Wages and salaries	-14,558,241	-14,094,051
Other social security expenses	-125,353	-112,252
Other staff expenses	-72,835	-13,590
	<u>-14,756,429</u>	<u>-14,219,893</u>

Average number of full-time employees: 16 (16 in 2014/15)

2. Other financial income

	2015/16	2014/15
	DKK	DKK
Interest received from group enterprises	2,323	12,556
Other financial income	4,596	5,717
	<u>6,919</u>	<u>18,273</u>

3. Other financial expenses

	2015/16	2014/15
	DKK	DKK
Interest expenses from group enterprises	-15,309	-54,805
Other financial expenses	-11,466	-18,853
	<u>-26,775</u>	<u>-73,658</u>

4. Tax on profit/loss for the year

	2015/16	2014/15
	DKK	DKK
Expectable taxable income for the year adjusted	-846,761	-11,841
Changes in deferred tax	46,373	69,811
	<u>-800,388</u>	<u>57,970</u>

Notes

5. Total intangible assets

	Goodwill DKK	Acquired licenses DKK
Cost at the beginning of the year	2,000,000	2,044,249
Cost at the end of the year	2,000,000	2,044,249
Amortisation, depreciation and impairment losses at the beginning of the year	-1,600,000	-2,023,548
Amortisation/depreciation	-200,000	-20,701
Amortisation, depreciation and impairment losses at the end of the year	-1,800,000	2,044,249
Carrying amount at the end of the year	200,000	0

6. Contract work in progress

	2015/16 DKK	2014/15 DKK
Selling price of contract work in progress	1,652,292	408,347
Prepayments related to contract work in progress	0	-235,351
	1,652,292	172,996

7. Registered capital, etc.

The share capital consists of 500,000 shares of a nominal value of DKK 1.

No shares carry special rights.

	DKK
Changes in the share capital in the past five financial years:	
Share capital at 01.07.2007	500,000
Share capital at the end of the year	500,000

Notes

8. Total equity

	Share capital DKK	Retained earnings DKK	Total DKK
Balance at the beginning of the year	500,000	2,257,623	2,757,623
Dividends	0	-1,000,000	-1,000,000
Results for the year	0	2,819,397	2,819,397
Equity at the end of the year	500,000	4,077,020	4,577,020

9. Contingent liabilities

The Company is jointly taxed with other enterprises in the Valcon Business Development A/S group. As a jointly taxed company, not wholly-owned, the Company has limited and secondary liability for Danish corporation taxes in the joint taxation group. The total amount of corporation tax payable is disclosed to SKAT in the Annual Report of Valcon Business Development A/S, CVR no. 28 68 10 11, which is the management company of the joint taxation purposes. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

10. Related parties and ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Janusjuul Holding ApS, Granvej 55, Annisse, 3200 Helsingør, CVR no. 30 07 57 22

Valcon Business Development A/S, Christianshusvej 187, 2970 Hørsholm, CVR no. 28 68 10 11

Information relating to group

The Company's Financial Statements are included in the Consolidated Financial Statements of Valcon Business Development A/S, Christianshusvej 187, 2970 Hørsholm, CVR no. 28 68 10 11.