

SinoScan A/S
Central Business Registration No
30901428
Karetmagervej 19b
7100 Vejle

Annual report 2015

The Annual General Meeting adopted the annual report on 12.04.2016

Chairman of the General Meeting

Name: Flemming Hønnerup Nielsen

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Entity details

Entity

SinoScan A/S
Karetmagervej 19b
7100 Vejle

Central Business Registration No: 30901428

Registered in: Vejle

Financial year: 01.01.2015 - 31.12.2015

Phone: +4566148104

Internet: www.sinoscan.com

E-mail: info@sinoscan.dk

Board of Directors

Flemming Hønnerup Nielsen, Chairman

Uffe Gyntzel

Michael Bak

Executive Board

Michael Bak

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Tværkajen 5

Postboks 10

5100 Odense C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of SinoScan A/S for the financial year 01.01.2015 - 31.12.2015.

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 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015.

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.

Vejle, 09.04.2016

Executive Board

Michael Bak

Board of Directors

Flemming Hønnerup Nielsen
Chairman

Uffe Gyntzel

Michael Bak

Independent auditor's reports

To the owners of SinoScan A/S

Report on the financial statements

We have audited the financial statements of SinoScan A/S for the financial year 01.01.2015 - 31.12.2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. 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 about 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 auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity'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 Entity'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 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.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

Independent auditor's reports

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

Odense, 09.04.2016

Deloitte

Statsautoriseret Revisionspartnerselskab

Johnny Bækholm

State Authorised Public Accountant

CVR-nr. 33963556

Management commentary

Primary activities

The Company's primary activity is to source from China components for Western industrial companies.

The production is undertaken by subcontractors in China, with sales to Europe, with the exception of England and Germany, where sales are handled through affiliates. Sales in North America are handled by the sister company, SinoScan Inc.

Development in activities and finances

The company's profit and economic developments are considered satisfactory.

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.

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 for these financial statements are consistent with those applied last year.

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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income, cost of raw materials and consumables and external expenses.

Revenue

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

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary write-downs of the relevant inventories.

Accounting policies

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 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 entity staff.

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.

Other financial income

Other financial income comprises dividend etc received on other investments, interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies.

Other financial expenses

Other financial expenses comprise interest expenses for payables to group enterprises, payables and transactions in foreign currencies.

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 Entity is jointly taxed with the Danish shareholder SinoScan Group A/S. 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

Goodwill

Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The amortisation period is seven years.

Accounting policies

Property, plant and equipment

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	5 years
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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.

Cost consists of purchase price plus delivery 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.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. The proposed dividend for the financial year is disclosed as a separate item in equity.

Accounting policies

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.

Prepayments received from customers

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

Income tax receivable or payable

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

Income statement for 2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK'000</u>
Gross profit		8.226.309	8.827
Staff costs	1	(3.946.956)	(3.413)
Depreciation, amortisation and impairment losses		<u>(13.749)</u>	<u>(15)</u>
Operating profit/loss		4.265.604	5.399
Other financial income	2	115.177	217
Other financial expenses		<u>(90.526)</u>	<u>(79)</u>
Profit/loss from ordinary activities before tax		4.290.255	5.537
Tax on profit/loss from ordinary activities	3	<u>(1.035.874)</u>	<u>(1.359)</u>
Profit/loss for the year		<u>3.254.381</u>	<u>4.178</u>
Proposed distribution of profit/loss			
Dividend for the financial year		3.000.000	3.900
Retained earnings		<u>254.381</u>	<u>278</u>
		<u>3.254.381</u>	<u>4.178</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK'000</u>
Goodwill		<u>0</u>	<u>0</u>
Intangible assets	4	<u>0</u>	<u>0</u>
Other fixtures and fittings, tools and equipment		<u>44.913</u>	<u>58</u>
Property, plant and equipment	5	<u>44.913</u>	<u>58</u>
Fixed assets		<u>44.913</u>	<u>58</u>
Manufactured goods and goods for resale		<u>8.754.867</u>	<u>7.611</u>
Inventories		<u>8.754.867</u>	<u>7.611</u>
Trade receivables		3.713.987	4.311
Receivables from group enterprises		3.393.915	3.719
Other short-term receivables		55.000	55
Prepayments		<u>562.773</u>	<u>289</u>
Receivables		<u>7.725.675</u>	<u>8.374</u>
Cash		<u>0</u>	<u>267</u>
Current assets		<u>16.480.542</u>	<u>16.252</u>
Assets		<u><u>16.525.455</u></u>	<u><u>16.310</u></u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK'000</u>
Contributed capital	6	750.000	750
Retained earnings		5.831.772	5.271
Proposed dividend		3.000.000	3.900
Equity		9.581.772	9.921
Provisions for deferred tax		124.617	38
Provisions		124.617	38
Bank loans		2.765.066	2.495
Prepayments received from customers		55.848	40
Trade payables		252.149	142
Income tax payable		990.524	1.358
Other payables		2.755.479	2.316
Current liabilities other than provisions		6.819.066	6.351
Liabilities other than provisions		6.819.066	6.351
Equity and liabilities		16.525.455	16.310
Unrecognised rental and lease commitments	7		
Contingent liabilities	8		
Related parties with control	9		

Statement of changes in equity for 2015

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	750.000	5.270.888	3.900.000	9.920.888
Ordinary dividend paid	0	0	(3.900.000)	(3.900.000)
Other adjustments	0	392.952	0	392.952
Tax of equity postings	0	(86.449)	0	(86.449)
Profit/loss for the year	0	254.381	3.000.000	3.254.381
Equity end of year	750.000	5.831.772	3.000.000	9.581.772

Notes

	2015 DKK	2014 DKK'000
1. Staff costs		
Wages and salaries	3.674.163	3.196
Pension costs	224.307	173
Other social security costs	48.486	44
	3.946.956	3.413
 Average number of employees	 8	 7
	2015 DKK	2014 DKK'000
2. Other financial income		
Financial income arising from group enterprises	112.000	191
Interest income	3.177	0
Exchange rate adjustments	0	26
	115.177	217
	2015 DKK	2014 DKK'000
3. Tax on ordinary profit/loss for the year		
Current tax	1.010.524	1.358
Change in deferred tax for the year	0	1
Adjustment relating to previous years	25.350	0
	1.035.874	1.359
		Goodwill DKK
4. Intangible assets		
Cost beginning of year		7.800.000
Cost end of year		7.800.000
Amortisation and impairment losses beginning of year		(7.800.000)
Amortisation and impairment losses end of year		(7.800.000)
Carrying amount end of year		0

Notes

			Other fixtures and fittings, tools and equipment DKK
			<u>73.327</u>
5. Property, plant and equipment			73.327
Cost beginning of year			
Cost end of year			
Depreciation and impairment losses beginning of the year			(14.665)
Depreciation for the year			(13.749)
Depreciation and impairment losses end of the year			(28.414)
Carrying amount end of year			44.913
	Number	Par value DKK	Nominal value DKK
6. Contributed capital			
Ordinary shares	750	1.000,00	750.000
	750		750.000
		2015 DKK	2014 DKK'000
7. Unrecognised rental and lease commitments			
Commitments under rental agreements or leases until expiry		64.478	62

8. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement with SinoScan Group A/S serving as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from obligations, if any, relating to withholding tax on interest, royalties and dividends, for the jointly taxed companies. The liability amounts to a maximum of an amount equal to the contributed capital of the entity, which is owned directly or indirectly by the ultimate parent company.

Notes

9. Related parties with control

The Entity has registered the following shareholders as holding more than 5% of the voting share capital or of the nominal value of the share capital:

SinoScan Group A/S, Kongensgade 58C, 2.1, 5000 Odense C, Denmark.

Bak Holding DK ApS, Lundhusvej 36, 7100 Vejle, Denmark.