

Fiberblaze A/S
Poppelgårdvej 11
2860 Søborg
CVR no. 31 30 12 70

Annual Report 2015

Adopted at the annual general meeting
on *23/3 2016*

Eran Gilad

Chairman of the General Meeting

Contents

	page
Reports	
Statement by Management on the annual report	2
Independent Auditors' Reports	3
Management's review	
Company Information	5
Management's review	6
Annual Report	
Accounting policies	7
Income statements for the period January 1 to December 31	11
Balance sheet at December 31	12
Notes to the annual report	14

Statement by Management on the annual report

Today the Executive and Supervisory Boards have discussed and approved the Financial Report for Fiberblaze A/S for the financial year January 1, 2015 - December 31, 2015.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion the financial statements give a true and fair view of the company's financial position at December 31, 2015 and of the results of the company's operations for the financial year January 1, 2015 - December 31, 2015.

In our opinion the Management's Review includes a fair review of the matters dealt with in the Management's review.

We recommend the adoption of the Annual Report at the Annual General Meeting.

Søborg, January 20, 2016


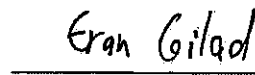
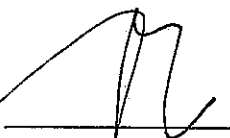
Executive Board



Yeshayhu Orbach

Statement by Management on the annual report

Supervisory Board


Avinoam Eizenman
Chairman
Eran Gilad
Yeshayhu Orbach

Independent Auditors' Reports

To the Shareholder of Fiberblaze A/S

Report on the Financial Statements

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

Management Responsibility for the financial statements

The Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal controls as the Management determines is necessary to enable 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 judgement, including an 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 and 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 the 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 opinion.

The audit has not resulted in any qualification.

Independent Auditors' Reports - continued

Opinion

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

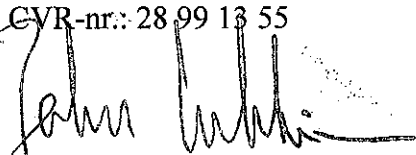
Declaration under other legislation and other regulation

Statement on Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further 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.

Roskilde, January 20, 2016

Trekroner Revision A/S
Statsautoriserede Revisorer
CVR-nr.: 28 99 13 55



John Cubbin
Registered Public Accountant

Company Information

Company

Fiberblaze A/S
Poppelgårdvej 11
2860 Søborg

Phone: +45 46327455
Website: www.fiberblaze.com
E-mail: info@fiberblaze.com

CVR no.: 31 30 12 70
Founded: March 12 2008
Home: Søborg
Financial Year: January 1 - December 31

Supervisory Board

Avinoam Eizenman, chairman
Eran Gilad
Yeshayhu Orbach

Executive Board

Yeshayhu Orbach

Auditors

Trekroner Revision A/S
Statsautoriserede Revisorer
Universitetsparken 2
4000 Roskilde

Bankers

Nordea Bank Danmark A/S
Stændertorvet Afdeling
Algade 4
4000 Roskilde

Subsidiaries

Fiberblaze LLC
c/o Dalberg
99 Madison Avenue, 17th. floor
10016
New York
USA

Management's review

Business activities

The company is engaged in developing, producing and selling network interface cards and related services.

Financial review

The income statement for the period January 1, 2015 - December 31, 2015 shows a deficit of DKK -4.924.497. The balance sheet shows an equity of DKK 588.741.

Events after the balance sheet date

After year-end there is no events occurred which could change the company's financial position significantly.

Accounting policies

The Annual Report of Fiberblaze A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act governing for class B enterprises.

The accounting policies are consistent with those of last year.

The Annual Reports is presented in DKK.

Basis of recognition and measurement

In the income statement revenue is recognized, when it is earned, including value adjustments of financial assets and liabilities. In the income statement all costs, including depreciation and impairment losses are recognized.

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

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

On initial recognition, assets and liabilities are entered at cost. Subsequently, assets and liabilities are entered as described for each item below.

Certain financial assets and liabilities are measured at amortized cost where a constant effective is recognized over the maturity. Amortized cost is stated as original cost less any allowances any principal repayments and with the addition/deduction of the cumulative amortization of any difference between cost and nominal amount.

Recognition and measurement must be taken into account for predictable losses and risks arising before financial statements are presented which confirm or invalidate conditions existing at the balance sheet date.

Gross profit

The Company uses the regulations in the Danish Financial Statements Act §32, after which the company's revenue is not stated.

Gross profit comprises revenue, change in inventories of finished goods and work in progress, work performed for own account, other operating income, cost of goods for resale and raw materials and other external expenses.

Revenue

Revenue from the sale of goods and goods for resale is recognized in the income statement provided that transfer of all significant risks and rewards to the buyer have taken place and that the income can be measured realisably and is expected to be received. Revenue is measured excl. VAT, duties and discounts.

Accounting policies - continued

Other external expenses

Other external expenses include costs such as distribution, sales, marketing, administration, office premises, write-downs for bad debt losses, operating lease costs etc.

Financial income and expenses

Financial income and expenses are recognized in the income statement with the amounts relating to the year. Financial income and expenses include interest income and expenses, financial lease costs, realised and unrealised exchange gains and losses on stocks, debts and transactions in foreign currency.

Dividends from associates are recognized in the income statement at the year declared.

Tax on profit/loss for the year

Tax for the year comprises current tax and changes in deferred tax for the year. It is recognized in the income statement with the expense relating to the profit/loss for the income in the year. Current and deferred taxes related to items recognized directly in equity are taken directly to equity.

Changes in deferred tax due to change in tax rates is recognized in income statement.

Intangible assets

Intangible assets consist of goodwill and licenses.

Acquired goodwill are measured at cost less accumulated depreciation. Goodwill depreciation are made on a straight-line basis over the expected useful lives of the assets, which is estimated to 5 years.

Licences are measured at costs less accumulated depreciation or to recoverable value is lower than the carrying amount. Licences are amortized over the period with a maksimum of 8 years.

Property, plant and equipment

Plants and equipment are measured at cost less accumulated depreciation.

The basis of depreciation is cost less the residual value after expected use of life.

Costs comprises the purchase price and any cost directly attributable to the acquisition until the date when the asset is available for use.

Depreciation are made on a straight-line basis over the expected useful lives of the assets.

Goodwill	5 years
Licences	3 years
Plant and equipment	5 - 10 years

Accounting policies - continued

Property, plant and equipment - continued

Assets with a cost less than DKK 12.600 are recognized as costs in the income statement at the time of acquisition.

Profits or losses from the disposal of property, plant and equipment are calculated as the difference between the sales price less the sales costs and the carrying amount at time of the sale. Profits or losses are recognized in the income statement under depreciations.

Financial assets

Investments in subsidiaries are measured at the lower of costs and net realizable value.

Inventories

Inventories are measured at cost according to FIFO-method. When the net realisation value are lower than the cost price, it is reduced to the net realisation value.

Goods for resale and raw materials and consumables at cost comprise purchase price and delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and direct production costs.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale, and is determined taking into account marketability, obsolescence and development in expected sales price.

Construction contracts

Construction contracts are recognized and measured according to time spent at cost calculated at balance sheet day.

Receivables

Receivables are measured at amortised cost, which usually equals nominal value. The value is reduced by write downs to cover expected loss.

Prepayments

Prepayments, which are recognised under assets, comprise incurred expenses relating to subsequent financial years.

Dividends

Dividends expected to be paid for the year are disclosed in connection with the statement of changes in equity. Proposed dividends are recognized as a liability at the date when adopted at the Annual General Meeting.

Accounting policies - continued

Tax payable

Current tax liabilities and current tax receivables are recognised in the balance sheet as calculated tax on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred Tax

Deferred tax on all temporary differences between the carrying amount and the tax base of assets and liabilities is measured using the balance sheet liability method. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on management's planned use of the asset or settlement of the liability.

Deferred tax assets, including the tax base of tax loss carry forwards, are measured at the expected value of the asset, either by elimination of tax in future earnings or by offset in deferred tax liabilities within the same legal tax unit. Any deferred tax assets are measured to the net realisable value.

Deferred tax is measured according to the tax rules and at the tax rates applicable when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognized in the income statement. For the current year the tax base is 22%.

Financial liabilities

Other liabilities are measured at amortised cost corresponding to the nominal value.

Foreign currency translation

Transactions denominated in foreign currencies are translated into Danish kroner at the exchange rates at the date of the transaction. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognized in the income statement as financial income or financial expenses. Adjustments to currency transactions considered as cash flow hedges are recognized directly in equity.

Receivables, payables and other monetary items denominated in foreign currencies and are not paid up til the balance date sheet are translated at the closing rate. Realised and unrealised exchange gains and losses are recognized in the income statement as financial income/expenses.

Income statements for the period January 1 to December 31

Note	2015 DKK	4 months 2014 DKK
GROSS PROFIT	16.681.807	5.409.980
1 Staff costs	-22.266.371	-5.293.300
2 Depreciations, amortisation and impairment of intangible assets and plant and equipment	-156.059	-44.510
PROFIT/LOSS BEFORE FINANCIAL INCOME END EXPENSES	-5.740.623	72.170
6 Income from investments in affiliated enterprises	0	0
3 Financial income	0	698.710
4 Financial costs	-591.064	-75.209
PROFIT/LOSS BEFORE TAX	-6.331.687	695.671
5 Tax on profit/loss for the year	1.407.190	-171.190
NET PROFIT/LOSS FOR THE YEAR	-4.924.497	524.481

Proposed distribution of profit

Shareholders dividend	0	0
Retained earnings	-4.924.497	524.481
Total appropriation	-4.924.497	524.481

Balance sheet at December 31

Assets

<u>Note</u>	<u>31/12 2015</u> DKK	<u>31/12 2014</u> DKK
Development projects	0	0
Licenses	38.772	75.172
Goodwill	72.785	105.000
Intangible assets	<u>111.557</u>	<u>180.172</u>
Production plant and machinery	352.761	171.595
Property, plant and equipment	<u>352.761</u>	<u>171.595</u>
6 Investments in group enterprises	0	0
Deposits	147.883	121.249
Financial assets	<u>147.883</u>	<u>121.249</u>
TOTAL FIXED ASSETS	<u>612.201</u>	<u>473.016</u>
Finished goods and goods for resale	13.570.336	5.729.229
Stocks	<u>13.570.336</u>	<u>5.729.229</u>
Trade receivables	2.900.076	622.067
Receivables from subsidiaries	350.223	2.649.342
Other receivables	511.373	382.546
8 Deferred tax assets	1.214.000	0
9 Receivable tax	81.000	0
Prepayments	458.443	302.224
Receivables	<u>5.515.115</u>	<u>3.956.179</u>
Cash at bank and in hand	<u>2.949.483</u>	<u>965.704</u>
CURRENT ASSETS	<u>22.034.934</u>	<u>10.651.112</u>
ASSETS	<u><u>22.647.135</u></u>	<u><u>11.124.128</u></u>

Balance sheet at December 31

Liabilities and Equity

<u>Note</u>	<u>31/12 2015</u> DKK	<u>31/12 2014</u> DKK
Share capital	500.000	500.000
Retained earnings	-488.394	4.436.103
Capital reserve in respect of options	577.135	0
Proposed dividend for the year	0	0
7 EQUITY TOTAL	<u>588.741</u>	<u>4.936.103</u>
8 Provision for deferred tax	0	10.000
PROVISIONS TOTAL	<u>0</u>	<u>10.000</u>
Debt to financial institutions	0	0
Trade payables	3.013.190	1.397.566
Payables to subsidiaries	15.070.529	2.524.245
9 Corporation tax	0	446.385
Other payables	3.974.675	1.809.829
Short-term debt	<u>22.058.394</u>	<u>6.178.025</u>
LIABILITIES	<u>22.058.394</u>	<u>6.178.025</u>
LIABILITIES AND EQUITY TOTAL	<u>22.647.135</u>	<u>11.124.128</u>
10 Contingent liabilities		
11 Ownership		

Notes to the annual report

	2015 DKK	2014 DKK
	<u> </u>	<u> </u>
1 Staff costs		
Wages and salaries	21.242.452	4.616.267
Other social security costs	214.290	95.314
Other staff costs	809.629	581.719
	<u>22.266.371</u>	<u>5.293.300</u>
2 Depreciations, amortisation and impairment of intangible assets and plant and equipment		
Depreciation in the year, development projects	0	0
Depreciation in the year, licences	36.400	11.300
Depreciation in the year, goodwill	32.215	10.000
Depreciation in the year	87.444	23.210
	<u>156.059</u>	<u>44.510</u>
3 Financial income		
Interest from affiliated companies	0	5.773
Other financial income	0	692.937
	<u>0</u>	<u>698.710</u>
4 Financial costs		
Financial expenses, group entities	421.969	10.125
Other financial costs	169.095	65.084
	<u>591.064</u>	<u>75.209</u>
5 Tax on profit/loss for the year		
Current tax for the year	-183.190	183.190
Adjustment of deferred tax	-1.224.000	-12.000
	<u>-1.407.190</u>	<u>171.190</u>

Notes to the annual report

	31/12 2015 DKK	31/12 2014 DKK
6 Investments in group enterprises		
Cost at January 1	0	0
Additions in the year	0	0
Disposals	0	0
Cost at December 31	0	0
Regulations at January 1	0	0
Net result for the year	0	0
Paid dividend in the year	0	0
Regulations at December 31	0	0
Carrying amount at December 31	0	0

Main figures from group enterprises:

Name	Share- holding %	Capital DKK	Net result for the year DKK	Total equity DKK
Fiberblaze LLC, New York	100%	0	220.875	186.602
				186.602

7 Equity

	Share capital DKK	Retained profit DKK	Capital reserve in respect of options	Dividend DKK
Equity at January 1	500.000	4.436.103	0	0
Paid dividend in the year	0	0	0	0
Net profit/loss for the year	0	-4.924.497	577.135	0
equity at December 31	500.000	-488.394	577.135	0

The share capital consist of 500 shares of nominal DKK 1.000. No shares have special rights.

Share capital has not been changed in the last 5 years.

Notes to the annual report

	31/12 2015 DKK	31/12 2014 DKK
8 Provision for deferred tax		
Provision for deferred tax, beginning of the year	10.000	22.000
Deferred tax adjustment for the year	-1.224.000	-12.000
	-1.214.000	10.000
 9 Corporation tax		
Balance at January 1	446.385	294.195
Tax interim	-183.190	0
Returned tax/paid tax	-263.195	66.000
Due corporation tax, previous years	0	360.195
Current tax for the year	0	183.190
Paid tax concerning the fiscal year 2014	0	-97.000
Paid tax concerning the fiscal year 2015	-81.000	0
Corporation tax	-81.000	446.385
Longterm corporation tax	0	0
	-81.000	446.385

10 Contingent liabilities

Rental commitments

The company has a commitment for rent of premises. The commitment is calculated to be DKK 443.650.

11 Ownership

The following capital owners have been registered in the company's register of shareholders as holding at least 5% of the share capital.

Silicom Ltd.
8 Hanagar St. P.O.Box 216
Kfar Sava 44000, Israel