Digital Technology International (Denmark) ApS

Visionsvej 51, 2., 9000 Aalborg

CVR no. 32 08 30 13

Annual report 2016

Approved at the annual general meeting of shareholders on 31 May 2017

Chairman:

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Justin Cho

Building a better
working world

Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Digital Technology International (Denmark) ApS 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 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.

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.

Aalborg, 31 May 2017
Executive Board:

Justin Cho

Board of Directors:

Justin Cho
Chairman

Independent auditor's report

To the shareholders of Digital Technology International (Denmark) ApS

Opinion

We have audited the financial statements of Digital Technology International (Denmark) ApS for the financial year 1 January - 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are 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 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.

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 rules and 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 the 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 skepticism throughout the 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.

Independent auditor's report

- 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 conclusion is 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 note 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.

Statement on Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aalborg, 31 May 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Søren V. Nejmann
State Authorised Public Accountant

Henrik K. Andersen
State Authorised Public Accountant

Management's review

Company details

Name	Digital Technology International (Denmark) ApS
Address, Postal code, City	Visionsvej 51, 2., 9000 Aalborg
CVR no.	32 08 30 13
Established	1 February 2009
Registered office	Aalborg
Financial year	1 January - 31 December
Board of Directors	Justin Cho, Chairman
Executive Board	Justin Cho
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Vestre Havnepromenade 1A, P.O. Box 710, 9100 Aalborg, Denmark

Management's review

Management commentary

Business review

The main activity of the Company is marketing and support to newspaper publisher.

The Company is without activities.

Financial review

The income statement for 2016 shows a profit of DKK 318,434 against a loss of DKK 15,576 last year, and the balance sheet at 31 December 2016 shows a negative equity of DKK 4,078,216. Management considers the Company's financial performance in the year acceptable.

More than half of the share capital has been lost, and the Company therefore covered by the rules in the Danish companies act regarding capital loss.

The management has to provide a plan, to reestablish the equity in the Company.

The Company's operations have been financed by the parent company. The Company has therefore received a letter of support from the parent company.

The management therefore considers the Company to be going concern and is presenting the annual report under this assumption.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Outlook

The resultat for 2017 is expected to be in line with the result obtained in 2016.

Financial statements for the period 1 January - 31 December

Income statement

Note	DKK	2016	2015
	Gross margin	-13,348	-13,648
	Financial income	338,082	0
3	Financial expenses	-6,300	-1,928
	Profit/loss for the year	318,434	-15,576
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	318,434	-15,576
		318,434	-15,576

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	2016	2015
	ASSETS		
	Non-fixed assets		
	Receivables		
	Receivables from group enterprises	90,825	90,825
	Other receivables	0	3,074
		90,825	93,899
	Cash	5,561	3,597
	Total non-fixed assets	96,386	97,496
	TOTAL ASSETS	96,386	97,496
	EQUITY AND LIABILITIES		
	Equity		
4	Share capital	125,000	125,000
	Retained earnings	-4,203,216	-4,521,650
	Total equity	-4,078,216	-4,396,650
	Liabilities		
	Current liabilities		
	Trade payables	0	8,000
	Payables to group enterprises	4,165,602	4,482,447
	Other payables	9,000	3,699
		4,174,602	4,494,146
	Total liabilities other than provisions	4,174,602	4,494,146
	TOTAL EQUITY AND LIABILITIES	96,386	97,496

1 Accounting policies
2 Going concern uncertainties
6 Contractual obligations and contingencies, etc.

Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2016	125,000	-4,521,650	-4,396,650
Transfer, see "Appropriation of profit"	0	318,434	318,434
Equity at 31 December 2016	125,000	-4,203,216	-4,078,216

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Digital Technology International (Denmark) ApS for 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Changes to presentation and disclosures only

Effective 1 January 2016, the Company has implemented act no. 738 of 1 June 2015 with amendments to the Danish Financial Statements Act. As the implementation of the amendment act has no impact in terms of value on the income statement or the balance sheet in the financial year, nor on the comparative figures, the financial statements have been prepared based on the same accounting policies as last year.

The amendment act has solely implied new or changed presentation and disclosure requirements, which have been incorporated in the financial statements.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and 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 rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Gross margin

The items other operating income and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, administration, premises, bad debts, etc.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

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

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Other payables

Other payables are measured at net realisable value.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

2 Going concern uncertainties

The Company's operations have been financed by the parent company which reflects uncertainty as to whether binding commitments will be entered into for the financing of the Company's operations. The Company has recieved a letter of support from the parent company. The financial statements have been prepared on a going concern basis.

	DKK	2016	2015
3	**Financial expenses**		
	Interest expenses, group entities	6,170	1,928
	Other financial expenses	130	0
		6,300	1,928

4 Share capital

The share capital consists of 125,000 shares at a nominal value of DKK 1 each. All shares rank equally.

The Company's share capital has remained DKK 125,000 over the past 5 years.

5 Deferred tax

The Company has tax losses at a carrying amount of DKK 4,168 thousand. As it is uncertain if these tax losses can be utilised within a foreseeable future, their carrying amount has not been recognised in the financial statements.

6 Contractual obligations and contingencies, etc.

Contingent liabilities

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