

# **Avalue Technology A/S**

Priorparken 351, 2605 Brøndby

Company reg. no. 32 29 56 06

## **Annual report**

### **2015**

The annual report have been submitted and approved by the general meeting on the 25/5-2016

KURT HIROSHI NIELSEN

Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

## Management's report

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The board of directors and the managing director have today presented the annual report of Avalue Technology A/S for the financial year 1 January to 31 December 2015.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2015 and of the company's results of its activities in the financial year 1 January to 31 December 2015.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Brøndby, 4 May 2016

### Managing Director



Kurt Hiroshi Nielsen

### Board of directors



Chia-Che Chang



Kurt Hiroshi Nielsen

## **The independent auditor's reports**

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### **To the shareholders of Avalue Technology A/S**

#### **Report on extended review of the annual accounts**

We have performed extended review of the annual accounts of Avalue Technology A/S for the financial year 1 January to 31 December 2015. The annual accounts comprise accounting policies used, profit and loss account, balance sheet and notes, and they are prepared in accordance with the Danish Financial Statements Act.

#### **The management's responsibility for the annual accounts**

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore, the management is responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on the annual accounts. We performed the extended review in accordance with the standard from the Danish Business Authority applicable on auditor's reports to small enterprises and in accordance with the standard from the Danish Institute of State Authorised Public Accountants applicable on extended review of annual accounts prepared in accordance with the Danish Financial Statements Act.

This requires that we comply with the Danish Act on Approved Auditors and Audit Firms and with the ethical requirements of the Danish Institute of State Authorised Public Accountants and that we plan and perform our audit procedures with the purpose of achieving moderate assurance as to our opinion on the annual accounts. Furthermore, it requires that we perform particularly required additional procedures with a view to achieving further assurance as to our opinion.

An extended review comprises procedures primarily comprising inquiries to the management and to other persons within the enterprise when appropriate, analytical procedures, and the particularly required additional procedures along with an evaluation of the achieved audit evidence.

The scope of the procedures performed during an extended review is less than in case of an audit, and consequently, we do not express any audit opinion on the annual accounts.

Our extended review has not resulted in any comments.

## **The independent auditor's reports**

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### **Opinion**

Based on the work performed, it is our opinion that the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2015 and of the results of the company's operations for the financial year 1 January to 31 December 2015 in accordance with the Danish Financial Statements Act.

### **Reports on other legal and regulatory requirements**

#### **Emphasis of matter paragraph on other matters**

The company has in violations with the Companies Act § 210, stk. 1 provide at loan to the director of the company. The management can be responsible for the violation.

### **Statement on the 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 extended review of the annual accounts. On this basis, it is our opinion that the information provided en the management's review is consistent with the annual accounts.

Copenhagen, 4 May 2016

**Grant Thornton**

Company reg. no. 34 20 99 36



Ole Skou

State Authorised Public Accountant

## **Company data**

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### **The company**

Avalue Technology A/S

Priorparken 351

2605 Brøndby

Company reg. no. 32 29 56 06

Established: 30 July 2009

Domicile:

Financial year: 1 January - 31 December

### **Board of directors**

Chia-Che Chang

Kurt Hiroshi Nielsen

### **Managing Director**

Kurt Hiroshi Nielsen

### **Auditors**

Grant Thornton, Statsautoriseret Revisionspartnerselskab

## **Management's review**

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### **The principal activities of the company**

The company's activity consists of commercial activities within embedded computer solutions.

### **Development in activities and financial matters**

The gross profit for the year is DKK 890.874 against tDKK 926 last year. The results from ordinary activities after tax are DKK -161.828 against tDKK 4 last year. The management consider the results unsatisfactory.

The company has lost its subscribed capital. It is essential for the continued operation of the company, that existing credit facilities can be maintained in line with the funding requirements. The management has led a series of negotiations with the owners of the company, and the owners have agreed for a provisional increase in credit limits. Lasting credit facilities is however not clarified. The company expects that the subscribed capital will be re-established within 1-2 years.

### **Events subsequent to the financial year**

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

**Profit and loss account 1 January - 31 December**

Amounts concerning 2015: DKK.

Amounts concerning 2014: DKK in thousands.

Note	2015	2014
	<u>890.874</u>	<u>926</u>
<b>Gross profit</b>		
2 Staff costs	-976.462	-796
	<u>-85.588</u>	<u>130</u>
<b>Operating profit</b>		
Other financial income	2.259	0
Financial costs	-128.695	-124
	<u>-212.024</u>	<u>6</u>
<b>Results before tax</b>		
3 Tax on ordinary results	50.196	-2
	<u>-161.828</u>	<u>4</u>
<b>Results for the year</b>		
<b>Proposed distribution of the results:</b>		
Allocated to results brought forward	0	4
Allocated from results brought forward	-161.828	0
	<u>-161.828</u>	<u>4</u>
<b>Distribution in total</b>		



**Balance sheet 31 December**

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Amounts concerning 2015: DKK.

Amounts concerning 2014: DKK in thousands.

Assets		2015	2014
Note		<u>          </u>	<u>          </u>
<b>Current assets</b>			
	Trade debtors	1.796.501	829
	Amounts owed by group enterprises	195.561	200
	Tax receivables from group enterprises	52.455	0
	Other debtors	333.991	52
4	Amounts owed by owners and management	38.372	70
	Debtors in total	<u>2.416.880</u>	<u>1.151</u>
	Cash funds	<u>136.437</u>	<u>653</u>
	<b>Current assets in total</b>	<u><b>2.553.317</b></u>	<u><b>1.804</b></u>
	<b>Assets in total</b>	<u><b>2.553.317</b></u>	<u><b>1.804</b></u>

**Balance sheet 31 December**

Amounts concerning 2015: DKK.

Amounts concerning 2014: DKK in thousands.

<b>Equity and liabilities</b>			
Note		<u>2015</u>	<u>2014</u>
<b>Equity</b>			
5	Contributed capital	500.000	500
6	Results brought forward	-950.501	-789
	<b>Equity in total</b>	<b><u>-450.501</u></b>	<b><u>-289</u></b>
<b>Liabilities</b>			
	Subordinate loan capital	<u>1.178.175</u>	<u>1.056</u>
	Long-term liabilities in total	<u>1.178.175</u>	<u>1.056</u>
	Trade creditors	1.692.765	908
	Corporate tax	0	2
	Other debts	<u>132.878</u>	<u>127</u>
	Short-term liabilities in total	<u>1.825.643</u>	<u>1.037</u>
	<b>Liabilities in total</b>	<b><u>3.003.818</u></b>	<b><u>2.093</u></b>
	<b>Equity and liabilities in total</b>	<b><u>2.553.317</u></b>	<b><u>1.804</u></b>
<b>8</b>	<b>Contingencies</b>		
<b>9</b>	<b>Related parties</b>		

## Notes

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Amounts concerning 2015: DKK.

Amounts concerning 2014: DKK in thousands.

	<u>2015</u>	<u>2014</u>		
<b>1. Uncertainties concerning the enterprise's ability to continue as a going concern</b>				
The company has lost its subscribed capital. It is essential for the continued operation of the company, that existing credit facilities can be maintained in line with the funding requirements. The management has led a series of negotiations with the owners of the company, and the owners have agreed for a provisional increase in credit limits. Lasting credit facilities is however not clarified. The company expects that the subscribed capital will be re-established within 1-2 years.				
<b>2. Staff costs</b>				
Salaries and wages	967.475	790		
Other costs for social security	5.147	4		
Other staff costs	3.840	2		
	<u><b>976.462</b></u>	<u><b>796</b></u>		
<b>3. Tax on ordinary results</b>				
Tax of the results for the year, parent company	-50.196	2		
	<u><b>-50.196</b></u>	<u><b>2</b></u>		
<b>4. Amounts owed by owners and management</b>				
	<b>Interest</b>		<b>Amounts</b>	<b>Debtors in</b>
<b>Category</b>	<b>rate</b>	<b>Term</b>	<b>repaid during</b>	<b>total 31</b>
		<b>Remaining</b>	<b>the financial</b>	<b>December</b>
		<b>term</b>	<b>year</b>	<b>2015</b>
Executive board	0%		31.840	38.372
<b>5. Contributed capital</b>				
Contributed capital 1 January 2015			500.000	500
			<u><b>500.000</b></u>	<u><b>500</b></u>

The share capital consists of 500 shares, each with a nominal value of DKK 1,000. No shares hold particular rights.

## Notes

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Amounts concerning 2015: DKK.

Amounts concerning 2014: DKK in thousands.

	<u>31/12 2015</u>	<u>31/12 2014</u>
<b>6. Results brought forward</b>		
Results brought forward 1 January 2015	-788.673	-793
Profit or loss for the year brought forward	<u>-161.828</u>	<u>4</u>
	<b><u>-950.501</u></b>	<b><u>-789</u></b>

## 7. Liabilities

	<u>Instalments first year</u>	<u>Outstanding debt after 5 years</u>	<u>Debt in total 31 Dec 2015</u>	<u>Debt in total 31 Dec 2014</u>
Subordinate loan capital	<u>0</u>	<u>1.178.175</u>	<u>1.178.175</u>	<u>1.056</u>
	<b><u>0</u></b>	<b><u>1.178.175</u></b>	<b><u>1.178.175</u></b>	<b><u>1.056</u></b>

## 8. Contingencies

### Joint taxation

KMSI Holding Aps being the administration company, the company is subject to the Danish scheme of joint taxation and it is proportionally liable for tax claims within the joint taxation scheme.

The company is proportionally liable for any obligation to withhold tax on interest, royalties and dividends of the jointly taxed companies.

The liabilities amount to a maximum corresponding to that share of the company capital, which is owned directly or indirectly by the ultimate parent company.

The liability relating to obligations in connection with corporation tax represents an estimated maximum of DKK 0 thousand. The liability relating to obligations in connection with withholding taxes represents an estimated maximum of DKK 0 thousand.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.

## Notes

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Amounts concerning 2015: DKK.

Amounts concerning 2014: DKK in thousands.

### 9. Related parties

#### Ownership

According to the company's list of shareholders, the following shareholders own a minimum of 5 % of the voting rights or a minimum of 5 % of the share capital:

Siba Holding ApS, Brøndby

Avalue Technology Inc., Samoa

## **Accounting policies used**

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The annual report for Avalue Technology A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

### **Recognition and measurement in general**

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

### **Translation of foreign currency**

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency, which are not settled at the date of the balance sheet, are translated by using the closing rate. The difference between the closing rate and the rate at the time of establishment of the receivable or the payable is recognised in the profit and loss account under financial income and financial costs.

## **The profit and loss account**

### **Gross profit**

The gross profit comprises the net turnover, changes in inventories of finished goods, other operating income, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

## **Accounting policies used**

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Cost of sales include costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs for distribution, sales, advertisement, administration and premises.

### **Staff costs**

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

### **Net financials**

Net financials comprise interest income and interest costs, realised and unrealised capital profits and losses concerning liabilities and transactions in foreign currency, and additions and reimbursements of interest concerning tax payment. Net financials are recognised with the amounts concerning the financial year.

### **Tax of the results for the year**

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

## **The balance sheet**

### **Inventories**

Inventories are measured at cost on basis of measured average prices. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The cost for manufactured goods and works in progress comprises the cost for raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance of and depreciation on machinery, factory buildings and equipment applied during the production process, and costs for factory administration and factory management. Borrowing costs are not recognised in cost.

## **Accounting policies used**

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The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

### **Debtors**

Debtors are measured at face value. In order to meet expected losses, writedown takes place at the net realisable value.

### **Available funds**

Available funds comprise cash at bank and in hand.

### **Corporate tax and deferred tax**

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, Avalue Technology A/S is proportionally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

### **Liabilities**

Liabilities are measured at the nominal value.