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Avalue Technology A/S

Priorparken 351, DK-2605 Brøndby

Company reg. no. 32 29 56 06

Annual report

2016

The annual report have been submitted and approved by the general meeting on the

22. maj 2017



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

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 2016.

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 2016 and of the company's results of its activities in the financial year 1 January to 31 December 2016.

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, 18 May 2017

Managing Director




Kurt Hiroshi Nielsen

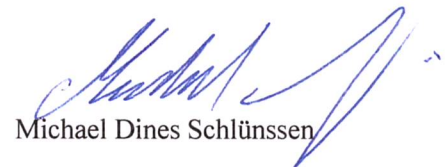
Board of directors



Kurt Hiroshi Nielsen



Preben Aagaard Mønck



Michael Dines Schlünssen

The independent auditor's reports

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 2016. 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.

The independent auditor's reports

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 2016 and of the results of the company's operations for the financial year 1 January to 31 December 2016 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

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our extended review of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the extended review, or whether it otherwise appears to contain material misstatement.

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

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 18 May 2017

Grant Thornton

State Authorized Public Accountants
Company reg. no. 34 20 99 36

Ole Skou

State Authorised Public Accountant

Company data

The company

Avalue Technology A/S
Priorparken 351
DK-2605 Brøndby

Company reg. no. 32 29 56 06
Established: 30 July 2009
Domicile: Brøndby
Financial year: 1 January - 31 December

Board of directors

Kurt Hiroshi Nielsen
Preben Aagaard Mønck
Michael Dines Schlünssen

Managing Director

Kurt Hiroshi Nielsen

Auditors

Grant Thornton, Statsautoriseret Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø

Management's review

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 1.265.879 against tDKK 891 last year. The results from ordinary activities after tax are DKK 181.870 against tDKK -162 last year. The result is positively affected by the debt cancellation from Avalue Technology Inc., with an amount of DKK 370.272.

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 few 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 2016: DKK.

Amounts concerning 2015: DKK in thousands.

<u>Note</u>	<u>2016</u>	<u>2015</u>
Gross profit	1.265.879	891
2 Staff costs	-994.105	-976
Operating profit	271.774	-85
Other financial income	370.272	2
Financial costs	-38.446	-129
Results before tax	603.600	-212
3 Tax on ordinary results	-53.678	50
Results for the year	549.922	-162
Proposed distribution of the results:		
Allocated to results brought forward	549.922	0
Allocated from results brought forward	0	-162
Distribution in total	549.922	-162

Balance sheet 31 December

Amounts concerning 2016: DKK.

Amounts concerning 2015: DKK in thousands.

Note	2016	2015
Assets		
Current assets		
Trade debtors	2.605.282	1.797
Amounts owed by group enterprises	745.341	745
Tax receivables from group enterprises	0	52
Other debtors	509.700	334
4 Amounts owed by owners and management	14.372	38
Debtors in total	3.874.695	2.966
Available funds	343.381	136
Current assets in total	4.218.076	3.102
Assets in total	4.218.076	3.102

Balance sheet 31 December

Amounts concerning 2016: DKK.

Amounts concerning 2015: DKK in thousands.

Note	2016	2015
Equity and liabilities		
Equity		
5 Contributed capital	500.000	500
6 Results brought forward	-400.579	-951
Equity in total	99.421	-451
Liabilities		
7 Subordinate loan capital	846.336	1.179
Long-term liabilities in total	846.336	1.179
Trade creditors	2.900.156	1.693
Debt to group enterprises	141.725	550
Corporate tax	53.208	0
Other debts	177.230	131
Short-term liabilities in total	3.272.319	2.374
Liabilities in total	4.118.655	3.553
Equity and liabilities in total	4.218.076	3.102

1 Uncertainties concerning the enterprise's ability to continue as a going concern**8 Contingencies**

Notes

Amounts concerning 2016: DKK.

Amounts concerning 2015: DKK in thousands.

	<u>2016</u>	<u>2015</u>	
1. Uncertainties concerning the enterprise's ability to continue as a going concern			
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.			
2. Staff costs			
Salaries and wages	988.938	967	
Other costs for social security	5.133	5	
Other staff costs	34	4	
	<u>994.105</u>	<u>976</u>	
Average number of employees	<u>1</u>	<u>1</u>	
3. Tax on ordinary results			
Tax of the results for the year, parent company	51.458	-50	
Adjustment of tax for previous years	470	0	
Calculated addition	1.750	0	
	<u>53.678</u>	<u>-50</u>	
4. Amounts owed by owners and management			
	Interest	Amounts	Debtors in
Category	rate	repaid during	total 31
Executive board	0%	the financial	December
		year	2016
		24.000	14.372
5. Contributed capital			
Contributed capital 1 January 2016		500.000	500
		<u>500.000</u>	<u>500</u>

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

Notes

Amounts concerning 2016: DKK.

Amounts concerning 2015: DKK in thousands.

	<u>31/12 2016</u>	<u>31/12 2015</u>
6. Results brought forward		
Results brought forward 1 January 2016	-950.501	-789
Profit or loss for the year brought forward	<u>549.922</u>	<u>-162</u>
	<u>-400.579</u>	<u>-951</u>
7. Subordinate loan capital		
SIBA Holding ApS, 120.000 USD	846.336	820
Avalue Technology Inc., 52.500 USD	<u>0</u>	<u>359</u>
	<u>846.336</u>	<u>1.179</u>

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 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.

Accounting policies used

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 are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

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

Costs of sales includes 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, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns 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

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.