

ABAX Danmark A/S

Per Henrik Lings Allé 4, st.
2100 København Ø
Denmark

CVR no. 34 05 47 38

Annual report 2016

The annual report was presented and approved at the
Company's annual general meeting on

19 May 2017


Bjørn Erik Brandsæter Højgård
chairman

ABAX Danmark A/S
Annual report 2016
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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of ABAX Danmark A/S for the financial year 1 January – 31 December 2016.

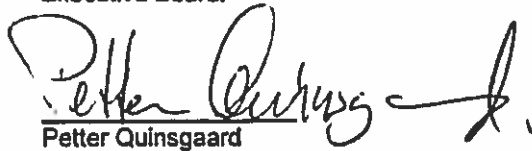
The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements 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 – 31 December 2016.

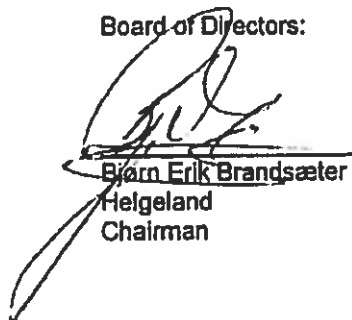
Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen 19 May 2017
Executive Board:


Petter Quinsgaard

Board of Directors:


Bjørn Erik Brandsæter
Helgeland
Chairman


Håkon Grønn-Weiss


Petter Quinsgaard



Independent auditor's report

To the shareholders of ABAX Danmark A/S

Opinion

We have audited the financial statements of ABAX Danmark A/S for the financial year 1 January – 31 December 2016 comprising income statement, balance sheet 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 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 – 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 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 that 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.



Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made on the basis of these 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 scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company 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.
- 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 conclusions are 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 disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.



Independent auditor's report

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 the 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 the work we have performed, 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.

Copenhagen, 19 May 2017

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98



Klaus Rytz
State Authorised
Public Accountant

ABAX Danmark A/S
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Management's review

Company details

ABAX Danmark A/S
Per Henrik Lings Allé 4, st.
2100 København Ø
Denmark

CVR no.: 34 05 47 38
Registered office: Copenhagen
Financial year: 1 January – 31 December

Board of Directors

Bjørn Erik Brandsæter Heigeland, Chairman
Håkon Grønn-Weiss
Petter Quinsgaard

Executive Board

Petter Quinsgaard

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø
Denmark

Annual general meeting

The annual general meeting will be held on 19 May 2017 at the Company's address.

Management's review

Operating review

Core activity

ABAX A/S has defined its social mission to be a problem solver for businesses using vehicles for work. The business consists of developing, selling and delivering ABAX electronic mileage logs and relevant associated services.

Development in the year

Loss for the year amounted to DKK 4,280 thousand, and the Company's equity amounted to a negative DKK 2,421 thousand at 31 December 2016.

ABAX A/S has issued a letter of support stating that they will provide the necessary financial support to ABAX Danmark A/S until annual general meeting in 2018. Based on the letter of support and budgets for the years ahead, Management expects that equity will be restored based on operating profits generated in the years ahead.

Targets and expectations for the year ahead

ABAX Danmark A/S represents an important part of the ABAX International platform. The customer base is constantly growing in Denmark, but ABAX expects further investments in 2017, before we will see positive results in 2018.

Subsequent events

No events materially affecting the assessment of the annual report have occurred after the balance sheet date.

Financial statements 1 January – 31 December

Income statement

DKK	Note	2016	2015
Gross profit/loss		1,930,318	-362,016
Staff costs	2	-5,710,223	-6,747,592
Depreciation, amortisation and impairment loss		-172,132	-113,742
Profit/loss before financial income and expenses		-3,952,037	-7,223,350
Financial income	3	49,931	2,470,721
Financial expenses	4	-377,437	-2,543,712
Profit/loss before tax		-4,279,543	-7,296,341
Tax on profit/loss for the year		0	0
Profit/loss for the year		-4,279,543	-7,296,341
Retained earnings		-4,279,543	-7,296,341
		-4,279,543	-7,296,341

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2016	2015
ASSETS			
Fixed assets			
Intangible assets	5		
Completed development projects		<u>5,397</u>	<u>70,035</u>
		<u>5,397</u>	<u>70,035</u>
Property, plant and equipment	6		
Fixtures and fittings, tools and equipment		<u>274,101</u>	<u>272,808</u>
		<u>274,101</u>	<u>272,808</u>
Investments			
Other receivables		<u>197,970</u>	<u>203,104</u>
		<u>197,970</u>	<u>203,104</u>
Total fixed assets		<u>477,468</u>	<u>545,947</u>
Current assets			
Inventories			
Raw materials and consumables		<u>5,280</u>	<u>5,280</u>
		<u>5,280</u>	<u>5,280</u>
Receivables			
Trade receivables		993,213	2,411,691
Receivables from group entities		308,146	0
Other receivables		3,325,180	1,029,345
Prepayments		<u>301,601</u>	<u>221,508</u>
		<u>4,928,140</u>	<u>3,662,544</u>
Cash at bank and in hand		<u>947,718</u>	<u>758,602</u>
Total current assets		<u>5,881,138</u>	<u>4,426,426</u>
TOTAL ASSETS		<u>6,358,606</u>	<u>4,972,373</u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2016	2015
EQUITY AND LIABILITIES			
Equity	7		
Share capital		500,001	500,001
Retained earnings		-2,920,553	1,358,990
Total equity		<u>-2,420,552</u>	<u>1,858,991</u>
Liabilities			
Current liabilities			
Trade payables		476,639	342,925
Payables to affiliated entities		6,889,091	1,296,847
Other payables		1,413,428	1,473,610
		<u>8,779,158</u>	<u>3,113,382</u>
Total liabilities		<u>8,779,158</u>	<u>3,113,382</u>
TOTAL EQUITY AND LIABILITIES		<u>6,358,606</u>	<u>4,972,373</u>
Contractual obligations and contingencies, etc.	8		
Related party disclosures	9		

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of ABAX Danmark A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to reporting class B enterprises.

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015. This has entailed the following changes to recognition and measurement:

— Going forward, the residual value of intangible assets and property, plant and equipment must be reassessed on an ongoing basis. Pursuant to the transition provisions of the Act, any adjustments to residual values must be made prospectively as an accounting estimate without restatement of comparative figures and without effect on equity.

Apart from the above, the accounting policies used in the preparation of the financial statements are consistent with those of last year.

Income statement

Revenue

Income from the sale of goods is recognised in the income statement when delivery and transfer of risk to the buyer have taken place and the income may be reliably measured and is expected to be received.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and taxes charged on behalf of third parties. All discounts granted are deducted from revenue.

Other external costs

Other external costs comprise costs for distribution, sale, advertising, administration, premises, bad debts, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Tax on profit/loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity. The tax expense recognised in the income statement relating to the extraordinary profit/loss for the year is attributable thereto, while the remaining tax expense is attributable to the profit/loss from ordinary activities.

Balance sheet

Intangible assets

Completed development projects are measured at cost less accumulated amortisation. Completed development projects are amortised on a straight-line basis over its useful life, which is assessed at three years.

Property, plant and equipment

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. The basis of depreciation is cost less any expected residual values after the end of the useful life.

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

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

The depreciable amount, which is calculated as cost less any residual values after the end of the useful life, is depreciated on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	5 years
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Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Investments

Investments consist of deposits.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast 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.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed 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 is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where alternative tax rules can be applied to determine the tax value, deferred tax is measured based on the intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, 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. Deferred net tax assets are measured at net realisable value.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Deferred tax is measured in accordance with 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. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement.

Liabilities

Financial liabilities, comprising payables to credit institutions, trade payables and payables to group entities, are recognised at cost at the date of borrowing, equivalent to proceeds received less transaction costs paid. Subsequently, these financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

DKK	2016	2015
2 Staff costs		
Wages and salaries	2,235,496	2,671,633
Pensions	148,742	155,917
Other social security costs	27,357	43,228
Other staff costs	<u>3,298,628</u>	<u>3,876,814</u>
	<u>5,710,223</u>	<u>6,747,592</u>
Average number of full-time employees	<u>4</u>	<u>6</u>

Financial statements 1 January – 31 December

Notes

DKK	2016	2015
3 Financial income		
Interest received from affiliated entities	0	2,584
Other financial income	49,931	2,468,137
	<u>49,931</u>	<u>2,470,721</u>
4 Financial expenses		
Interest paid to affiliated entities	91,475	1,152,231
Other financial expenses	285,962	1,391,481
	<u>377,437</u>	<u>2,543,712</u>
5 Intangible assets		
DKK		Completed develop- ment projects
Cost at 1 January		<u>193,913</u>
Cost at 31 December 2016		193,913
Amortisation at 1 January 2016		-123,878
Amortisation for the year		<u>-64,638</u>
Amortisation at 31 December 2016		-188,516
Carrying amount at 31 December 2016		<u>5,397</u>
6 Property, plant and equipment		
DKK		Fixtures and fittings, tools and equipment
Cost at 1 January 2016		445,194
Additions for the year		<u>108,787</u>
Cost at 31 December 2016		553,981
Depreciation and impairment losses at 1 January 2016		-172,386
Depreciation for the year		<u>-107,494</u>
Depreciation and impairment losses at 31 December 2016		-279,880
Carrying amount at 31 December 2016		<u>274,101</u>

Financial statements 1 January – 31 December

Notes

7 Equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2016	500,001	1,358,990	1,858,991
Net profit/loss for the year	0	-4,279,543	-4,279,543
Equity at 31 December 2016	500,001	-2,920,553	-2,420,552

The changes in the share capital for the past 5 years can be specified as follows:

	2016	2015	2014	2013	2012
Balance at 1 January 2016	500,001	500,000	500,000	500,000	500,000
Additions for the year	0	1	0	0	0
Share capital at 31 December 2016	500,001	500,001	500,000	500,000	500,000

The share capital consists of 500,001 shares of a nominal value of DKK 1. No shares carry any special rights.

Equity is negative, and consequently, the Company is subject to the capital provisions of the Danish Companies Act. The parent company, ABAX AS, committed to provide irrevocable and unconditional support so that the Company can continue its operations and pay its external creditors. The commitment has been provided for a period of 12 months.

8 Contractual obligations and contingencies, etc.

The Company has entered into a lease for premises with an annual rent of DKK 289 thousand. The lease is irrevocable until 1 December 2020.

Financial statements 1 January – 31 December

Notes

9 Related party disclosures

Consolidated financial statements

The financial statements of ABAX Danmark A/S are included in the consolidated financial statements of ABAX AS.

The annual report for the Group may be obtained at the following address:

ABAX AS
Sanden 1
3264 Larvik
Norway