

ABAX Danmark A/S

**Per Henrik Lings Allé 4, st.
2100 Copenhagen**

CVR no. 34 05 47 38

Annual report for the period 1 January to 31 December 2015

The annual report was presented and
adopted at the annual general meeting of
the Company on 5 July 2016



Chairman

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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 2015.

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 2015 and of the result of the Company's operations for the financial year 1 January - 31 December 2015.

In our opinion, the Management's review includes a fair review of the development in the Company's operations and financial conditions, the results for the year and the Company's financial position.

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

Copenhagen, 5 July 2016

Executive Board

Petter Quinsgaard

Board of Directors


Bjørn Erik Bratsetter
Helgeland
Chairman


Håkon Grønn-Weiss


Petter Quinsgaard



KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
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Denmark

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Independent auditor's report

To the Shareholders of ABAX Danmark A/S

Independent auditor's report on the financial statements

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

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.

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 as to 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 the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating 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.

Our audit has not resulted in any qualification.



Independent auditor's report

Opinion

In our opinion, the financial statements 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 - 31 December 2015 in accordance with the Danish Financial Statements Act.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 1 to the financial statements, in which Management explains that the principle of going concern is supported by financial support from the parent company ABAX AS.

Report on other legal and regulatory requirements

Emphasis of matter regarding other issues

The Company's annual report has not been submitted to the Danish Business Authority before the deadline stipulated in the Danish Financial Statements Act, and the Management may incur liability in this respect.

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 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.

Copenhagen, 5 July 2016

KPMG
Statsautoriseret Revisionspartnerselskab

Klaus Rytz
State Authorized Public Accountant



Management's review

Company details

Company

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

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

Board of Directors

Bjørn Erik Brandsætter
Helgeland, Chairman
Håkon Grønn-Weiss
Petter Quinsgaard

Executive Board

Petter Quinsgaard

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 Copenhagen
Denmark

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 on the following address:

ABAX AS
Sanden 1
3264 Larvik
Norway

General meeting

The annual general meeting is held on 5 July 2016 at the Company's address.

Management's review

Core activity

ABAX 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 7,296 thousand, and the Company's equity amounted to DKK 1,859 thousand at 31 December 2015.

In December the share capital was increased with DKK 25,000 thousand in debt conversion. By this the lost share capital was reestablished.

ABAX AS has issued a letter of support stating that they will provide necessary financial support to ABAX Danmark A/S until annual shareholder meeting in 2017.

Targets and expectations for the year ahead

ABAX Danmark A/S represent an important part of ABAX International platform. The customer base is constantly growing in Denmark but ABAX expect further investments in 2016 before we will see a positive result in 2017.

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

Accounting policies

The Annual Report of ABAX Danmark A/S for 2015 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from previous years.

Income Statement

Gross profit

The gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less raw materials and consumables and other external expenses.

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 interest expense, costs relating to finance leases, realised and unrealised gains and losses on payables and transactions in foreign currencies as well as surcharges and refunds under the on-account tax scheme, etc.

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.

Financial statements 1 January - 31 December

Accounting policies

Balance Sheet

Intangible assets

Completed developments 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 3 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 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

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.

Investments

Investments consist of deposits.

Financial statements 1 January - 31 December

Accounting policies

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.

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.

Financial statements 1 January - 31 December

Accounting policies

Liabilities other than provisions

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.

Financial statements 1 January - 31 December

Income statement

	<u>Note</u>	<u>2015</u> DKK	<u>2014</u> DKK
Gross profit		-362,016	-1,514,691
Staff costs	3	-6,747,592	-3,854,818
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		<u>-113,742</u>	<u>-107,869</u>
Profit/loss before financial income and expenses		-7,223,350	-5,477,378
Financial income	4	2,470,721	1,413,990
Financial costs	5	<u>-2,543,712</u>	<u>-13,573</u>
Profit/loss before tax		-7,296,341	-4,076,961
Tax on profit/loss for the year		<u>0</u>	<u>0</u>
Profit/loss for the year		<u>-7,296,341</u>	<u>-4,076,961</u>
Retained earnings		<u>-7,296,341</u>	<u>-4,076,961</u>
		<u>-7,296,341</u>	<u>-4,076,961</u>

Financial statements 1 January - 31 December

Balance sheet

	<u>Note</u>	<u>2015</u> DKK	<u>2014</u> DKK
Assets			
Completed development projects		70,035	134,667
Intangible assets	6	<u>70,035</u>	<u>134,667</u>
Other fixtures and fittings, tools and equipment		272,808	119,843
Property, plant and equipment	7	<u>272,808</u>	<u>119,843</u>
Other receivables		203,104	53,978
Investments		<u>203,104</u>	<u>53,978</u>
Total non-current assets		<u>545,947</u>	<u>308,488</u>
Raw materials and consumables		5,280	5,280
Stocks		<u>5,280</u>	<u>5,280</u>
Trade receivables		2,411,691	1,058,381
Deferred revenue		1,029,345	735,862
Prepayments		221,508	25,166
Receivables		<u>3,662,544</u>	<u>1,819,409</u>
Cash at bank and in hand		<u>758,602</u>	<u>605,365</u>
Total current assets		<u>4,426,426</u>	<u>2,430,054</u>
Total assets		<u>4,972,373</u>	<u>2,738,542</u>

Financial statements 1 January - 31 December

Balance sheet

	<u>Note</u>	<u>2015</u> DKK	<u>2014</u> DKK
Equity and liabilities			
Share capital		500,001	500,000
Retained earnings		1,358,990	-16,344,668
Total equity	2	<u>1,858,991</u>	<u>-15,844,668</u>
Trade payables		342,925	123,257
Payables to affiliated entities		1,296,847	17,669,574
Other payables		1,473,610	790,379
Current liabilities		<u>3,113,382</u>	<u>18,583,210</u>
Total debt		<u>3,113,382</u>	<u>18,583,210</u>
Total equity and liabilities		<u>4,972,373</u>	<u>2,738,542</u>
Development in the Company's activities and financial position	1		
Contingent assets, liabilities and other financial obligations	8		

Financial statements 1 January - 31 December

Notes

1 Development in the Company's activities and financial position

Loss for the year amounted to DKK 7,296 thousand, and the Company's equity amounted after an increase of the share capital to a positive DKK 1,859 thousand at 31 December 2015.

ABAX AS has issued a letter of support stating that they will provide necessary financial support to ABAX Danmark A/S until annual shareholder meeting in 2017.

2 Equity

	Share capital	Other reserves	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January 2015	500,000	0	-16,344,668	-15,844,668
Cash capital increase	1	24,999,999	0	25,000,000
Transfers	0	-24,999,999	24,999,999	0
Net profit/loss for the year	0	0	-7,296,341	-7,296,341
Equity at 31 December 2015	500,001	0	1,358,990	1,858,991

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

Changes in share capital are specified as follows:

	2015	2014	2013	2012	2011
	DKK	DKK	DKK	DKK	DKK
Share capital at 1 January 2015	500,000	500,000	500,000	500,000	500,000
Additions for the year	1	0	0	0	0
Share capital at 31 December 2015	500,001	500,000	500,000	500,000	500,000

Financial statements 1 January - 31 December

Notes

	<u>2015</u>	<u>2014</u>
	DKK	DKK
3 Staff costs		
Wages and salaries	2,671,633	1,579,089
Pensions	155,917	92,948
Other social security costs	43,228	21,245
Other staff costs	<u>3,876,814</u>	<u>2,161,536</u>
	<u>6,747,592</u>	<u>3,854,818</u>
4 Financial income		
Interest received from affiliated entities	2,584	0
Other financial income	34,670	23,481
Exchange gains	<u>2,433,467</u>	<u>1,390,509</u>
	<u>2,470,721</u>	<u>1,413,990</u>
5 Financial costs		
Interest paid to affiliated entities	1,152,231	0
Other financial costs	832	716
Exchange loss	<u>1,390,649</u>	<u>12,857</u>
	<u>2,543,712</u>	<u>13,573</u>

Financial statements 1 January - 31 December

Notes

6 Intangible assets

	Completed development projects
	DKK
Cost at 1 January 2015	193,913
Cost at 31 December 2015	193,913
Depreciation at 1 January 2015	59,246
Depreciation for the year	64,632
Depreciation at 31 December 2015	123,878
Carrying amount at 31 December 2015	70,035

7 Tangible assets

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 January 2015	243,119
Additions for the year	202,075
Cost at 31 December 2015	445,194
Impairment losses and depreciation at 1 January 2015	123,276
Depreciation for the year	49,110
Impairment losses and depreciation at 31 December 2015	172,386
Carrying amount at 31 December 2015	272,808

8 Contingent assets, liabilities and other financial obligations

Contingencies

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

