

Annual report 4 December 2014 - 31 December 2015

Company reg. no. 36 46 64 05

Techcorr Europe ApS

Unionsvej 6

4600 Køge

The annual report have been submitted and approved by the general meeting on 29 June 2016.

Martin Gryl
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 executive board has today presented the annual report of Techcorr Europe ApS for the financial year 4 December 2014 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 4 December 2014 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.

Køge, 29 June 2016

Executive board

Melvin Eugene Cannon

Robbie Grant West

Joseph Vincent Summa

Martin Gryl

The independent auditor's reports

To the shareholder of Techcorr Europe ApS

Report on the annual accounts

We have audited the annual accounts of Techcorr Europe ApS for the financial year 4 December 2014 to 31 December 2015, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts 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 it determines necessary in order to prepare 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 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 about whether the annual accounts are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements in the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of annual accounts 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 the management, as well as the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The audit has not resulted in any qualification.

Opinion

In our opinion, 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 4 December 2014 to 31 December 2015 in accordance with the Danish Financial Statements Act.

The independent auditor's reports

Emphasis of matter paragraph on matters in the accounts

Without modifying our opinion we refer to note 1 which describes how the company's management will obtain the required amount of cash to finance the company's further running operation. The management has in the financial report provided that the required financing can be obtained and thus presented the financial accounts with going concern in mind.

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 annual accounts. On this basis, it is our opinion that the information provided in the management's review is consistent with the annual accounts.

Glostrup, 29 June 2016

PKF Munkebo Vindelev
State Authorised Public Accountants
Company reg. no. 14 11 92 99

Peter Krogsrud Eriksen
State Authorised Public Accountant

Company data

The company

Techcorr Europe ApS
Unionsvej 6
4600 Køge

Company reg. no. 36 46 64 05
Established: 4 December 2014
Domicile: Køge Municipality
Financial year: 4 December - 31 December
1st financial year

Executive board

Melvin Eugene Cannon
Robbie Grant West
Joseph Vincent Summa
Martin Gryl

Auditors

PKF Munkebo Vindelev, Statsautoriseret Revisionsaktieselskab
Hovedvejen 56
2600 Glostrup

Financial highlights

DKK in thousands.

2015

Profit and loss account:

Gross profit	3.341
Results from operating activities	-6.354
Net financials	-52
Results for the year	-5.011

Balance sheet:

Balance sheet sum	6.422
Equity	-4.961

The financial highlights for 2015 comprise the period 4. December 2014 - 31. December 2015.

Management's review

The principal activities of the company

The principal activities of the company is technical testing and control.

Development in activities and financial matters

The results from ordinary activities after tax are DKK -5.011.000. The management consider the results unsatisfactory.

The company has lost more than half of the share capital. It is the management's expectation, that the share capital will be re-established through future earnings.

The management has presented the annual report on the basis of a going concern assumption. This assumption is based on the management's assessment of the probability of obtaining the required amount of cash to finance the company's further running operations.

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.

Accounting policies used

The annual report for Techcorr Europe ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises.

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.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

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.

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

Accounting policies used

THE PROFIT AND LOSS ACCOUNT

Gross profit

The gross profit comprises the net turnover 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.

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

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

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.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation, amortisation and writedown for the year and gains and losses on disposal of intangible and tangible fixed assets.

Net financials

Net financials include interest income and interest expenses. Net financials are recognised in the profit and loss account 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 BALANCE SHEET

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of expected residual value after the end of the useful life of the asset.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

Accounting policies used

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

Other plants, operating assets, fixtures and furniture	5 years
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Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Debtors

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

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

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.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax. From 2015 to 2016, the corporate tax rate will be reduced from 23.5 % to 22 %, which will affect the deferred tax liabilities and deferred tax assets. Unless a recognition with a different tax rate than 22 % will result in a significant material deviation in the estimated deferred tax liability or tax asset, deferred tax liabilities and assets are recognised by 22 %.

Liabilities

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

Profit and loss account 4 December - 31 December

<u>Note</u>	<u>2015</u>
Gross profit	3.340.587
2 Staff costs	-9.663.798
Depreciation and writedown relating to tangible fixed assets	-30.560
Operating profit	-6.353.771
Other financial costs	-51.784
Results before tax	-6.405.555
3 Tax on ordinary results	1.394.183
Results for the year	-5.011.372
Proposed distribution of the results:	
Allocated from results brought forward	-5.011.372
Distribution in total	-5.011.372

Balance sheet

Assets		
Note		31/12 2015
Fixed assets		
4	Other plants, operating assets, and fixtures and furniture	891.724
	Tangible fixed assets in total	891.724
	Deposits	213.000
	Financial fixed assets in total	213.000
	Fixed assets in total	1.104.724
Current assets		
	Trade debtors	2.719.329
5	Deferred tax assets	1.394.183
	Other debtors	54.671
	Accrued income and deferred expenses	1.064.524
	Debtors in total	5.232.707
	Cash funds	84.269
	Current assets in total	5.316.976
	Assets in total	6.421.700

Balance sheet

Equity and liabilities		
Note		31/12 2015
	Equity	
6	Contributed capital	50.000
7	Results brought forward	-5.011.372
	Equity in total	-4.961.372
	Liabilities	
	Trade creditors	1.418.319
	Debt to group enterprises	7.660.409
	Other debts	2.304.344
	Short-term liabilities in total	11.383.072
	Liabilities in total	11.383.072
	Equity and liabilities in total	6.421.700
8	Contingencies	

Notes

1. Uncertainties concerning the enterprise's ability to continue as a going concern

The management has presented the annual report on the basis of a going concern assumption. This assumption is based on the management's assessment of the probability of obtaining the required amount of cash to finance the company's further running operations.

	<u>2015</u>
2. Staff costs	
Salaries and wages	7.942.184
Pension costs	912.299
Other costs for social security	39.600
Other staff costs	<u>769.715</u>
	<u>9.663.798</u>
3. Tax on ordinary results	
Adjustment for the year of deferred tax	<u>-1.394.183</u>
	<u>-1.394.183</u>
	<u>31/12 2015</u>
4. Other plants, operating assets, and fixtures and furniture	
Additions during the year	<u>922.284</u>
Cost 31 December 2015	<u>922.284</u>
Depreciation for the year	<u>-30.560</u>
Depreciation and writedown 31 December 2015	<u>-30.560</u>
Book value 31 December 2015	<u>891.724</u>

Notes

31/12 2015

5. Deferred tax assets

Deferred tax of the results for the year	1.394.183
	1.394.183

The following items are subject to deferred tax:

Tangible fixed assets	-44.002
Financial fixed assets	-212.484
Losses brought forward from previous years	1.650.669
	1.394.183

From 2015 to 2016, the corporate tax rate will be reduced from 23,5 % to 22 %, which will affect the extent of deferred tax liabilities and deferred tax assets. In the accounts, changes in the tax rates are treated as a change in financial estimates.

31/12 2015

6. Contributed capital

Contributed capital 4 December 2014	50.000
	50.000

7. Results brought forward

Profit or loss for the year brought forward	-5.011.372
	-5.011.372

8. Contingencies

Contingent liabilities

The company has signed a lease agreement. The lease is comprised of 6 months termination and can not be terminated until 1. December 2020. The company is liable to pay rent of 4.045 t.DKK.

Operational leasing

The company has entered into operational leasing contracts with an average annual leasing payment of 1.003 t.DKK. The leasing contracts have between 11-60 months left to run, and the total outstanding leasing payment is 3.494 t.DKK.