

Report of the Director and  
Financial Statements  
for the Year Ended 31st December 2017  
for  
SCM Microsystems Limited

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**SCM Microsystems Limited**

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**for the Year Ended 31st December 2017**

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**SCM Microsystems Limited**  
**Company Information**  
**for the Year Ended 31st December 2017**

<b>DIRECTOR:</b>	Dr M Mueller
<b>REGISTERED OFFICE:</b>	3 London Wall Buildings London EC2M 5PD
<b>BUSINESS ADDRESS:</b>	Identiv GmbH Oskar-Messter-Str. 11 85737 Ismaning
<b>REGISTERED NUMBER:</b>	02693479 (England and Wales)
<b>SENIOR STATUTORY AUDITOR:</b>	Timothy Collerton ACA FCCA CTA
<b>AUDITORS:</b>	Wilkins Kennedy Audit Services Statutory Auditor Anglo House Bell Lane Office Village Bell Lane Amersham Hampshire HP6 6FA

**SCM Microsystems Limited**

**Report of the Director**  
**for the Year Ended 31st December 2017**

The director presents his report with the financial statements of the Company for the year ended 31st December 2017.

**DIRECTOR**

Dr M Mueller held office during the whole of the period from 1st January 2017 to the date of this report.

**STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

The director is responsible for preparing the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**AUDITORS**

The auditors, Wilkins Kennedy Audit Services, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

**ON BEHALF OF THE BOARD:**



.....  
Dr M Mueller - Director

Date: 27.09.2018

**Report of the Independent Auditors to the Members of**  
**SCM Microsystems Limited**

**Opinion**

We have audited the financial statements of SCM Microsystems Limited (the 'Company') for the year ended 31st December 2017 which comprise the Income Statement, Statement of Financial Position and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31st December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The director is responsible for the other information. The other information comprises the information in the Report of the Director, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information 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 other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Director has been prepared in accordance with applicable legal requirements.

**Report of the Independent Auditors to the Members of**  
**SCM Microsystems Limited**

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Director.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Director.

**Responsibilities of director**

As explained more fully in the Statement of Director's Responsibilities set out on page two, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines 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, the director 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 unless the director either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors 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 (UK) will always detect a material misstatement when it exists. Misstatements can 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 taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**Report of the Independent Auditors to the Members of**  
**SCM Microsystems Limited**

**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Wilks Kennedy Audit Services*

Timothy Collerton ACA FCCA CTA (Senior Statutory Auditor)  
for and on behalf of Wilks Kennedy Audit Services  
Statutory Auditor  
Anglo House  
Bell Lane Office Village  
Bell Lane  
Amersham  
Hampshire  
HP6 6FA

28 September 2018

**SCM Microsystems Limited**

**Income Statement**

**for the Year Ended 31st December 2017**

	Notes	2017 £	2016 £
<b>TURNOVER</b>		419,868	315,289
Cost of sales		<u>377,801</u>	<u>290,811</u>
<b>GROSS PROFIT</b>		42,067	24,478
Administrative expenses		<u>57,683</u>	<u>55,197</u>
<b>OPERATING LOSS and LOSS BEFORE TAXATION</b>		(15,616)	(30,719)
Tax on loss		<u>-</u>	<u>-</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u><u>(15,616)</u></u>	<u><u>(30,719)</u></u>

The notes form part of these financial statements



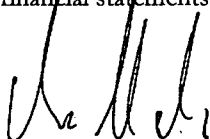
**SCM Microsystems Limited (Registered number: 02693479)**

**Statement of Financial Position**  
**31st December 2017**

		2017	2016
	Notes	£	£
<b>FIXED ASSETS</b>			
Investments	5	757,000	757,000
<b>CURRENT ASSETS</b>			
Debtors	6	2,875	20,513
Cash at bank		<u>21,985</u>	<u>10,201</u>
		24,860	30,714
<b>CREDITORS</b>			
Amounts falling due within one year	7	<u>2,493,272</u>	<u>2,483,510</u>
<b>NET CURRENT LIABILITIES</b>		<u>(2,468,412)</u>	<u>(2,452,796)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(1,711,412)</u>	<u>(1,695,796)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital		200,000	200,000
Retained earnings	8	<u>(1,911,412)</u>	<u>(1,895,796)</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>(1,711,412)</u>	<u>(1,695,796)</u>

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the director on 27.09.2018 and were signed by:



Dr M Mueller - Director

The notes form part of these financial statements

**SCM Microsystems Limited**  
**Notes to the Financial Statements**  
**for the Year Ended 31st December 2017**

**1. STATUTORY INFORMATION**

SCM Microsystems Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

**2. STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

**3. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements have been prepared under the historical cost convention.

As the financial statements show an overall net liabilities position at the year-end, a letter of support from the ultimate parent company, Identiv, Inc. has been provided, indicating continued financial and non-financial support for the upcoming twelve months. The director has an expectation that the company will continue in existence for the foreseeable future and accordingly continues to adopt the going concern basis in preparing the financial statements.

**Preparation of consolidated financial statements**

The financial statements contain information about SCM Microsystems Limited as an individual Company and do not contain consolidated financial information as the parent of a group. The Company is exempt under Section 401 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it, and its subsidiary undertakings, are included in the consolidated financial statements of Identiv, Inc., the ultimate controlling party and smallest and largest group to consolidate financial statements. The registered office of Identiv, Inc. is 2201 Walnut Ave., Suite 100, Fremont, CA 94538 USA.

**Related party exemption**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

**Significant judgements and estimates**

The preparation of financial statements requires management to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on a continuing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods

## **SCM Microsystems Limited**

### **Notes to the Financial Statements - continued** **for the Year Ended 31st December 2017**

#### **3. ACCOUNTING POLICIES - continued**

##### **Turnover**

Turnover is the amount derived from the recharge and mark-up on the provision of consultancy services. Revenue is recognised as the significant risk and rewards of ownership have been transferred. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included in part of creditors due within one year.

##### **Investments in subsidiaries**

Investments in subsidiary undertakings are recognised at cost less any provision for impairment.

##### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

##### **Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

##### **Employee benefits**

The company recognises an accrual for accumulated annual leave accrued by employees as a result of services rendered in the current period for which employees can carry forward and use within the next year. The accrual is measured at the salary cost of the respective employee in relation to the period of absence.

##### **Debtors**

Other debtors are measured at transaction price less any impairment unless the arrangement constitutes a financing transaction in which case the transaction is measured at the present value of the future receipts discounted at the prevailing market rate of interest. Loans are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method less any impairment.

##### **Creditors**

Trade and other creditors are measured at their transaction price unless the arrangement constitutes a financing transaction in which case the transaction is measured at present value of future payments discounted at prevailing market rate of interest.

##### **Cash at Bank**

Cash at bank in the balance sheet comprises cash at banks and in hand and short term deposits with an original maturity date of three months or less.

#### **4. EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 4 (2016 - 4).

**SCM Microsystems Limited**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31st December 2017**

**5. FIXED ASSET INVESTMENTS**

	Shares in group undertakin £
<b>COST</b>	
At 1st January 2017	
and 31st December 2017	<u>1,210,337</u>
<b>PROVISIONS</b>	
At 1st January 2017	
and 31st December 2017	<u>453,337</u>
<b>NET BOOK VALUE</b>	
At 31st December 2017	<u>757,000</u>
At 31st December 2016	<u>757,000</u>

**6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017 £	2016 £
Amounts owed by group undertakings	-	20,430
Other debtors	1,590	-
VAT	<u>1,285</u>	<u>83</u>
	<u>2,875</u>	<u>20,513</u>

**7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017 £	2016 £
Trade creditors	-	621
Amounts owed to group undertakings	2,439,272	2,442,621
Social security and other taxes	9,245	8,128
Accruals	<u>44,755</u>	<u>32,140</u>
	<u>2,493,272</u>	<u>2,483,510</u>

**8. RESERVES**

	Retained earnings £
At 1st January 2017	(1,895,796)
Deficit for the year	<u>(15,616)</u>
At 31st December 2017	<u>(1,911,412)</u>

**SCM Microsystems Limited**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31st December 2017**

9. **ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is Identiv, Inc. a publicly traded company and its common stock is listed on the NASDAQ Capital Market in the U.S. under the symbol INVE.