Comendo Security Systems A/S

Annual Report for 1 January - 31 December 2014

CVR No 28 50 93 75

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 23/6 2015

Arjen Sebastian Berendsen
Chairman

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Comendo Security Systems A/S for the financial year 1 January - 31 December 2014.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2014 of the Company and of the results of the Company operations for 2014.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Glostrup, 23 June 2015

Executive Board

Carsten Eliot Damgaard Nielsen

Board of Directors

Arjen Sebastian Berendsen Chairman	Carsten Eliot Damgaard Nielsen	Jeroen van der Weijden

Independent Auditor’s Report on the Financial Statements

To the Shareholder of Comendo Security Systems A/S

Report on the Financial Statements

We have audited the Financial Statements of Comendo Security Systems A/S for the financial year 1 January - 31 December 2014, which comprise income statement, balance sheet, notes and summary of significant accounting policies. 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 as 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 whether the Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor’s judgment, 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 audit opinion.

Our audit has not resulted in any qualification.

Independent Auditor's Report on the Financial Statements

Opinion
In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2014 and of the results of the Company operations for the financial year 1 January - 31 December 2014 in accordance with the Danish Financial Statements Act.

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is in accordance with the Financial Statements.

Hellerup, 23 June 2015
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Bo Schou-Jacobsen
State Authorised Public Accountant

Flemming Eghoff
State Authorised Public Accountant

Company Information

The Company	Comendo Security Systems A/S Stationsparken 25 DK-2600 Glostrup Telephone: + 45 70 25 22 23 Facsimile: + 45 70 25 02 23 E-mail: info@comendo.dk Website: www.comendo.com CVR No: 28 50 93 75 Financial period: 1 January - 31 December Incorporated: 17 March 2005 Municipality of reg. office: Glostrup
Board of Directors	Arjen Sebastian Berendsen, Chairman Carsten Eliot Damgaard Nielsen Jeroen van der Weijden
Executive Board	Carsten Eliot Damgaard Nielsen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Management's Review

Main activity

The company's purpose is to engage in IT Business and other related business activities

Development in the year

The income statement of the Company for 2014 shows a loss of TDKK 295, and at 31 December 2014 the balance sheet of the Company shows equity of TDKK 5.437.

During the year, the Company changed its name from Comendo Telecom A/S to Comendo Security Systems A/S.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2014	2013
		TDKK	TDKK
Gross profit/loss		**6.466**	**-136**
Staff expenses	1	-7.172	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-1.038	0
Profit/loss before financial income and expenses		**-1.744**	**-136**
Financial income	2	177	215
Financial expenses	3	-75	-84
Profit/loss before tax		**-1.642**	**-5**
Tax on profit/loss for the year	4	1.347	-973
Net profit/loss for the year		**-295**	**-978**

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year	0	0
Retained earnings	-295	-978
	-295	**-978**

Balance Sheet 31 December

Assets

	Note	2014	2013
		TDKK	TDKK
Acquired other rights		4.000	5.000
Intangible assets	5	**4.000**	**5.000**
Other fixtures and fittings, tools and equipment		272	0
Property, plant and equipment	6	**272**	**0**
Fixed assets		**4.272**	**5.000**
Receivables from group enterprises		12.574	546
Other receivables		27	113
Deferred tax asset		1.347	0
Prepayments		29	0
Receivables		**13.977**	**659**
Cash at bank and in hand		**671**	**2.830**
Currents assets		**14.648**	**3.489**
Assets		**18.920**	**8.489**

Balance Sheet 31 December

Liabilities and equity

	Note	2014	2013
		TDKK	TDKK
Share capital		562	562
Retained earnings		4.875	5.170
Equity	7	**5.437**	**5.732**
Prepayments received from customers		9.350	0
Trade payables		169	4
Payables to group enterprises		2.106	2.753
Other payables		1.858	0
Short-term debt		**13.483**	**2.757**
Debt		**13.483**	**2.757**
Liabilities and equity		**18.920**	**8.489**
Contingent assets, liabilities and other financial obligations	8		
Ownership and group relation	9		

Notes to the Annual Report

		2014	2013
		TDKK	TDKK
1	**Staff expenses**		
	Wages and salaries	6.874	0
	Pensions	36	0
	Other social security expenses	27	0
	Other staff expenses	235	0
		7.172	**0**
2	**Financial income**		
	Interest received from group enterprises	176	213
	Other financial income	1	2
		177	**215**
3	**Financial expenses**		
	Interest paid to group enterprises	62	81
	Other financial expenses	13	3
		75	**84**
4	**Tax on profit/loss for the year**		
	Current tax for the year	0	-94
	Deferred tax for the year	-1.347	1.067
		-1.347	**973**

Notes to the Annual Report

5 Intangible assets

	Acquired other rights
	TDKK
Cost at 1 January	5.000
Cost at 31 December	5.000
Impairment losses and amortisation at 1 January	0
Amortisation for the year	1.000
Impairment losses and amortisation at 31 December	1.000
Carrying amount at 31 December	**4.000**

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	TDKK
Cost at 1 January	0
Additions for the year	310
Cost at 31 December	310
Impairment losses and depreciation at 1 January	0
Depreciation for the year	38
Impairment losses and depreciation at 31 December	38
Carrying amount at 31 December	**272**

Notes to the Annual Report

7 Equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	562	5.170	5.732
Net profit/loss for the year	0	-295	-295
Equity at 31 December	**562**	**4.875**	**5.437**

The share capital consists of 562 shares of a nominal value of TDKK 1,000. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

8 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The Group's Danish companies are jointly and severally liable for tax on consolidated taxable income etc.

9 Ownership and group relation

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

j2 Global Ireland Limited
Unit 3 Woodford Business Park
Santry, Dublin
Ireland

Consolidated Financial Statements

The company's immediate parent company is j2 Global Ireland Limited and the ultimate parent company, which the company is a subsidiary is j2 Global Inc.

Notes to the Annual Report

9 Ownership and group relation (continued)

The Group Annual Report of j2 Global Inc. may be obtained at the following address:

j2 Global Inc.
6922 Hollywood Blvd.
Hollywood, CA 90028
USA

Accounting Policies

Basis of Preparation

Financial Statements of Comendo Security Systems A/S for 2014 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 last year.

Financial Statements for 2014 are presented in TDKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Accounting Policies

Income Statement

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Revenue

Revenue is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as other payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Accounting Policies

Balance Sheet

Intangible assets

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 5 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5 years

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Accounting Policies

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.