



ECOMENTOR

Octoshape ApS

Central Business Registration no. 27 39 88 55

Annual Report for 2014

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 23/04 2015

Henrik Møgelmoose

Chairman

Contents

Page

Management's Statement and Auditors' Report

Statement by Management on the Annual Report	1
Independent Auditor's Report	2

Management's Review

Company Information	4
Group Chart	5
Management's review	6

Financial Statements

Income Statement	7
Balance Sheet	8
Notes to the annual report	10
Accounting policies	17

Statement by Management on the Annual Report

Today, the Executive Board has discussed and approved the Annual Report of Octoshape ApS for the financial year 2014.

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

In my opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 December 2014 and of the results of its operations for the financial year 2014.

In my opinion, the Management's Review includes a fair review of the matters dealt with in the Management's Review

I recommend the adoption of the Annual Report at the Annual General Meeting.

Copenhagen, 5 March 2015

Executive Board

Morten Borum

Independent Auditor's Report

To the Shareholder of Octoshape ApS

Report on the Financial Statements

We have audited the Financial Statements of Octoshape ApS for the financial year 2014, which comprise income statement, balance sheet and notes and accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility for the Financial Statements

The 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 the 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 about 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 audit 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 the 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.

The 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 financial position of the Company at 31 December 2014 and of the results of the Company's operations for the financial year 2014 in accordance with the Danish Financial Statements Act.

Statement on Management's Review

We have read the 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 the Management's Review is consistent with the Financial Statements.

Kgs. Lyngby, 5 March 2015

ECOMENTOR

Statsautoriseret Revisionsaktieselskab

Christian Agerholm

State Authorized Public Accountant

Company Information

The Company

Octoshape ApS
Larslejsstræde 6 P 5
1451 Copenhagen

Telephone: 88334680
Website: www.octoshape.com

Central Business Registration no.: 27 39 88 55
Financial Period: 1 January - 31 December
Municipality of reg. office: Copenhagen

Executive Board

Morten Borum

Shareholders

Codemate A/S
Larslejsstræde 6 P 5
1451 København K.

Auditors

ECOMENTOR
Statsautoriseret Revisionsaktieselskab
Engelsborgvej 31
2800 Kgs. Lyngby

Consolidated Financial Statements

The Company is included in the Group Annual Report for Codemate A/S (Octoshape Group)

The Group Annual Report of Codemate A/S may be obtained at the following address:

Codemate A/S
Larslejsstræde 6 P 5
1451 København K

Group Chart

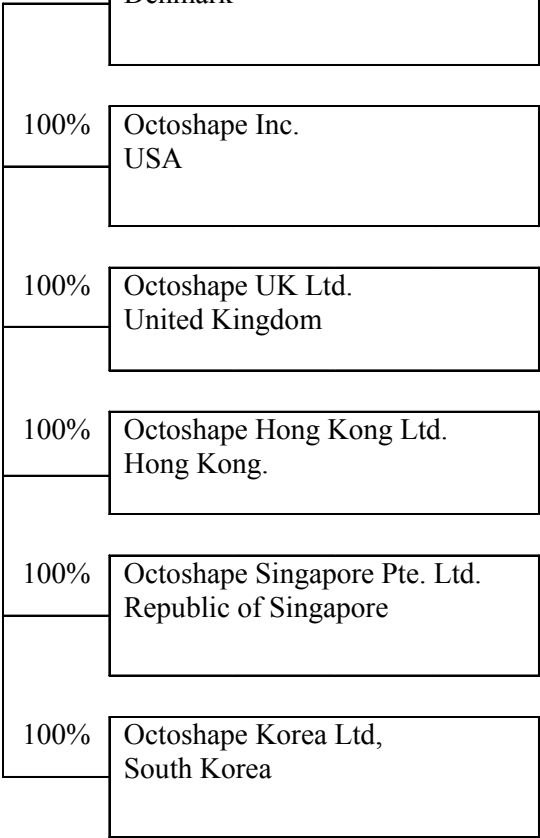
Parent Company

Codemate A/S
(Octoshape Group)
Denmark

Company

Octoshape ApS
Denmark

Subsidiaries



Management's Review

Business activities

The Group's primary activity consists of development, marketing and sale of streaming technologies and services.

The Group's products and services are developed for the purpose of high quality streaming in large scale. The products and services make it possible to transmit high-quality broadcast signals over the internet to a very large number of simultaneous users globally.

Financial review

The Company's income statement for the year ended 31 December 2014 shows a result of DKK -4,781,339, and the balance sheet at 31 December 2014 shows an equity of DKK 9,329,369. The result is in line with the Company and Group's long term goals.

The Company and Group continued the strong momentum from 2013 and made significant progress in 2014 with strong growth in sales, revenue and number of customers and partners. The Company and group had a positive EBIT in 4th of 2014

The progress is expected to continue with same speed in 2015 and the management expects significant growth in revenues for the whole of 2015.

Future expectations

The shareholder Codemate A/S has in 2014 continued to support the company financially to secure the group's growth plans. From 2015, the company is able to generate the funding for the Group's plans through positive cash flow from operations. The Company expects a positive result in 2015.

Income statement 1 January - 31 December

	Note	2014 DKK	2013 DKK
Gross profit		9.996.937	-2.223.144
Staff costs	1	-15.647.590	-13.341.643
Earnings Before Interest Taxes Depreciation and Amortization		-5.650.653	-15.564.787
Depreciation, amortisation and impairment of intangible assets and tangible assets		-26.238	-56.888
Profit/loss before financial income and expenses		-5.676.891	-15.621.675
Income from investments in subsidiaries	2	402.493	232.082
Financial income	3	970.631	0
Financial costs	4	-438.122	-1.271.583
Profit/loss before tax		-4.741.889	-16.661.176
Tax on profit/loss for the year	5	-39.450	1.250.000
Net profit/loss for the year		-4.781.339	-15.411.176
Distribution of profit			
Proposed distribution of profit			
Reserve for net revaluation under the equity method		566.904	217.156
Transfer from share premium account		-95.247.872	0
Retained earnings		89.899.629	-15.628.332
		-4.781.339	-15.411.176

Balance sheet at 31 December

	<u>Note</u>	<u>2014</u> DKK	<u>2013</u> DKK
Assets			
Licences and trademarks		<u>63.294</u>	<u>82.264</u>
Intangible assets	6	<u>63.294</u>	<u>82.264</u>
Other fixtures and fittings, tools and equipment		<u>49.579</u>	<u>13.947</u>
Tangible assets	7	<u>49.579</u>	<u>13.947</u>
Investments in subsidiaries	8	1.402.599	833.954
Deposits		<u>214.027</u>	<u>205.723</u>
Fixed asset investments		<u>1.616.626</u>	<u>1.039.677</u>
Tangible assets total		<u>1.729.499</u>	<u>1.135.888</u>
Trade receivables		7.336.070	7.198.705
Receivables from subsidiaries		4.491.563	92.581
Other receivables		120.859	67.775
Receivable from shareholder		1.415.728	0
Corporation tax		891.000	1.250.000
Prepayments		<u>128.337</u>	<u>114.777</u>
Receivables		<u>14.383.557</u>	<u>8.723.838</u>
Cash at bank and in hand		<u>2.961.009</u>	<u>293.065</u>
Current assets total		<u>17.344.566</u>	<u>9.016.903</u>
Assets total		<u>19.074.065</u>	<u>10.152.791</u>

Balance sheet at 31 December

	Note	2014 DKK	2013 DKK
Liabilities and equity			
Share capital		168.928	163.000
Share premium account		0	67.985.000
Reserve for net revaluation under the equity method		1.342.189	775.285
Retained earnings		7.818.252	-82.245.788
Equity total	9	9.329.369	-13.322.503
Subordinate loan capital		0	16.439.459
Long-term debt	10	0	16.439.459
Trade payables		5.421.585	4.676.685
Payables to subsidiaries		2.134.481	591.739
Other payables		2.188.630	1.767.411
Short-term debt		9.744.696	7.035.835
Debt total		9.744.696	23.475.294
Liabilities and equity total		19.074.065	10.152.791
Other disclosures	11		
Contractual obligations	14		
Contingent assets, liabilities and other financial obligations	15		
Related parties and ownership	13		
Provision for deferred tax	12		

Notes to the Annual Report

	<u>2014</u> DKK	<u>2013</u> DKK
1 Staff costs		
Wages and salaries	15.436.486	13.175.978
Other social security costs	<u>211.104</u>	<u>165.665</u>
	<u>15.647.590</u>	<u>13.341.643</u>
 Average number of employees	 <u>15</u>	 <u>15</u>
 According to section 98 B(3) of the Danish Financial Statements Act, remuneration to the Executive Board has not been disclosed.		
 2 Income from investments in subsidiaries		
Share of profits of subsidiaries	<u>402.493</u>	<u>232.082</u>
	<u>402.493</u>	<u>232.082</u>
 3 Financial income		
Exchange gains	<u>970.631</u>	<u>0</u>
	<u>970.631</u>	<u>0</u>
 4 Financial costs		
Interest paid to Parent Company	301.588	439.874
Other financial costs	136.534	243.156
Exchange loss	<u>0</u>	<u>588.553</u>
	<u>438.122</u>	<u>1.271.583</u>

Notes to the Annual Report

	2014 DKK	2013 DKK
5 Tax on profit/loss for the year		
Current tax for the year	-891.000	-1.250.000
Foreign withholding tax	930.450	0
	39.450	-1.250.000

6 Intangible assets

	Completed development projects	Licences and trademarks
Cost at 1 January	10.830.730	122.341
Cost at 31 December 2014	10.830.730	122.341
Depreciations and devaluations at 1 January	10.830.730	40.077
Depreciation for the year	0	18.970
Depreciations and devaluations at 31 December 2014	10.830.730	59.047
Carrying amount at 31 December 2014	0	63.294

Notes to the Annual Report

7 Tangible assets

	Other fixtures and fittings, tools and equipment
Cost at 1 January	1.202.484
Additions for the year	<u>42.900</u>
Cost at 31 December 2014	<u>1.245.384</u>
Depreciations and devaluations at 1 January	1.190.672
Depreciation for the year	<u>5.133</u>
Depreciations and devaluations at 31 December 2014	<u>1.195.805</u>
Carrying amount at 31 December 2014	<u><u>49.579</u></u>

Notes to the Annual Report

	2014 DKK	2013 DKK
8 Investments in subsidiaries		
Cost at 1 January	58.669	58.669
Exchange adjustment	1.741	0
Cost at 31 December 2014	60.410	58.669
Revaluations at 1 January	775.285	554.719
Exchange adjustment	164.411	-11.516
Net profit/loss for the year	402.493	232.082
Revaluations at 31 December 2014	1.342.189	775.285
Carrying amount at 31 December 2014	1.402.599	833.954

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership	Equity	Net profit/loss for the year
Octoshape Inc., USA	USA	100%	987.870	310.250
Octoshape Hong Kong Ltd.	Hong Kong	100%	72.472	59.496
Octoshape Ltd., Korea	South Korea	100%	128.157	23.936
Octoshape Singapore Pte Ltd.	Singapore	100%	1.899	2.065
Octoshape UK Ltd.	UK	100%	212.201	6.746
			1.402.599	402.493

Notes to the Annual Report

9 Equity

	Share capital	Share premium account	Reserve for net revaluation under the equity method	Retained earnings	Total
Equity at 1 January	163.000	67.985.000	775.285	-82.245.788	-13.322.503
Exchange adjustments	0	0	0	164.411	164.411
Cash capital increase	5.928	27.262.872	0	0	27.268.800
Net profit/loss for the year	0	-95.247.872	566.904	89.899.629	-4.781.339
Equity at 31 December 2014	168.928	0	1.342.189	7.818.252	9.329.369

	Share capital	Share premium account	Reserve for net revaluation under the equity method	Retained earnings	Total
Equity 1. januar 2013	158.000	44.990.000	558.129	-66.605.940	-20.899.811
Exchange adjustments	0	0	0	-11.516	-11.516
Cash capital increase	5.000	22.995.000	0	0	23.000.000
Net profit/loss for the year	0	0	217.156	-15.628.332	-15.411.176
Equity 31. december 2013	163.000	67.985.000	775.285	-82.245.788	-13.322.503

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

The share capital has developed as follows:

	2014 DKK	2013 DKK	2012 DKK	2011 DKK	2010 DKK
Share capital at 1 January	163.000	158.000	148.000	148.000	128.000
Additions for the year	5.928	5.000	10.000	0	20.000
Disposals for the year	0	0	0	0	0
Share capital 31 December	168.928	163.000	158.000	148.000	148.000

Notes to the Annual Report

10 Long term debt

	Debt at 1 January 2014	Debt at 31 December 2014	Payment within 1 year	Debt after 5 years
Subordinate loan capital	16.439.459	0	0	0
	16.439.459	0	0	0

11 Other disclosures

The group and Company expects significant growth in revenues and an improved result in 2015 and that the group and company is able to generate the funding for the group's plans through positive cash flow from operations.

12 Provision for deferred tax

The Company has a deferred tax asset of TDKK 117.290, of which TDKK 114.576 may be related to unused tax losses. The tax asset has not been booked.

13 Related parties and ownership

	Basis
Controlling interest	
Codemate A/S	Parent company
Other related parties	
Octoshape Inc., USA	Group enterprise
Octoshape UK Ltd.	Group enterprise
Octoshape Ltd., Korea	Group enterprise
Octoshape Singapore Pte Ltd.	Group enterprise
Octoshape Hong Kong Ltd.	Group enterprise

Transactions

The Company has had transactions with its subsidiaries and with the Parent Company. The transactions with the Parent Company consist of Consulting Fees and Subordinated loan capital. The transactions with the subsidiaries consist of distribution services and allocation of costs. All transactions have been on Market terms.

Notes to the Annual Report

13 Related parties and ownership (Continued)

Ownership

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

Codemate A/S, Larslejsstræde 6 P, 5. sal, 1154 København K.

	<u>2014</u>	<u>2013</u>
	DKK	DKK
14 Contractual obligations		
Rental commitments		
Within 1 year	<u>213.827</u>	<u>314.442</u>
	<u>213.827</u>	<u>314.442</u>

15 Contingent assets, liabilities and other financial obligations

The Company is jointly taxed with its Parent Company, Codemate A/S, and is jointly and unlimited liable with the other jointly taxed entities for the payment of income taxes, withholding taxes on dividends, interest and royalties. Income taxes and withholding taxes payable within the group of jointly taxed entities amount to DKK 0 thousand at 31 December 2014.

Accounting policies

The annual report of Octoshape ApS for 2014 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected provisions as regards larger entities.

The accounting policies applied are consistent with those applied last year.

The annual report for 2014 is presented in Danish kroner

In pursuance of section 112, of the Danish Financial Statements Act, consolidated financial statements have not been prepared.

Basis of recognition and measurement

Income is recognized in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortization, depreciation and impairment losses, are also recognized in the income statement.

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

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

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item. .

Certain financial assets and liabilities are measured at amortized cost using the effective interest method. Amortized cost is calculated as the historic cost less any instalments and plus/less the accumulated amortization of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the Company does not disclose its revenue.

The gross profit reflects an aggregation of revenue, cost of sales and other external expenses.

Revenue

Revenue from the sale of services is recognized in the income statement when delivery and transfer of risk has been made before year end. Revenue is recognized exclusive of VAT and net of discounts relating to sales.

Accounting policies

Costs of sale

Costs of sale comprise direct consumables consumed to achieve revenue for the year.

Research and development costs

Development costs comprise costs relating to development projects that do not qualify for recognition in the balance sheet and amortization of recognized development projects.

Other external expenses

Other external expenses comprise of costs to research & development, administrative costs, sales costs, costs to product management etc.

Other external expenses also include research and development costs that do not qualify for capitalization.

Staff costs

Staff costs comprise wages and salaries as well as payroll expenses and sales commissions to employees.

Amortization, depreciation and impairment losses

Amortization, depreciation and impairment losses comprise amortization, depreciation and impairment of intangible assets and intangible assets.

Financial income and expenses

Financial income and expenses are recognized in the income statement at the amounts relating to the financial year. Financial income and expenses comprise interest and realized and unrealized exchange adjustments.

Income from investments in subsidiaries

The proportionate share of the profit or loss after tax of the individual subsidiaries is recognized in the income statement after full elimination of intra-group gains/losses.

The proportionate share of the profit or loss after tax of the individual associates is recognized in the income statement after elimination of the proportionate share of intra-group gains/losses.

Tax on profit/loss for the year

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

Accounting policies

The Company is jointly taxed with its Parent Company Codemate A/S. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes. The Company is not in a international joint taxation with the Group's foreign subsidiaries.

Tax costs as e.g. withholding tax, that may arise from doing business with foreign countries, are recognized as a tax cost for the year, when the costs are known, can be measured reliably, and it is not probable that the Company will have economic benefits in the future of the tax paid.

Balance Sheet

Intangible assets

Development projects, licences and trademarks

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities, which directly or indirect can be attributed to the Company's development activity and meets the requirement for recognition.

Development projects that do not meet the criteria for recognition in the balance sheet are recognized as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortization or at a lower recoverable amount.

As of the date of completion, capitalized development costs are amortized on a straightline basis over the period of the expected economic benefit from the development work. The amortization period is usually 5 years and does not exceed 5 years.

Patents and licenses are measured at cost with deduction of accumulated depreciation. Patents depreciation is based on a straight-line basis over the expected useful life of the assets, licenses depreciation is over the contract period, with a maximum of 5 years.

Tangible assets

Tangible assets 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.

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:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	3-5 years	0 %

Assets costing less than DKK 12,600 are expensed in the year of acquisition.

Accounting policies

Investments in subsidiaries

The items "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition.

The total net revaluation of investments in subsidiaries and associates is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions. If the carrying amount of negative equity value exceeds receivables, the remaining amount is recognized under provisions, in the extent that the Parent Company has a legal or actual obligation to cover the subsidiaries equilibrium.

Deposits

Deposits are measured at amortized cost.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is reviewed for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

Receivables

Receivables are measured at amortized cost.

An impairment loss is recognized if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognized.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realizable value of any collateral received, using the effective interest rate of individual receivables or portfolios of receivables as discount rate.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Accounting policies

Deferred tax assets and liabilities

Current tax liabilities and current tax receivables are recognized in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Any tax liability as e.g. withholding tax, that may arise in connection with doing business with foreign countries will be included in the balance sheet as well as the income statement if the liability is recognized and can be measured reliable.

The Company is jointly taxed with its Parent Company, Codemate A/S. The Company is not in a international joint taxation with the Group's foreign subsidiaries.

Joint taxation contributions payable and receivable are recognized in the balance sheet as income tax receivable or income tax payable, respectively.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax is adjusted for elimination of unrealised intra-group gains and losses.

Deferred tax is measured on the basis of the taxation rules and taxation rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortized cost, corresponding to the capitalized value, using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also include the capitalized residual finance lease commitment.

Other debts are measured at net realisable value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign-exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognized in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognized in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Accounting policies

Foreign subsidiaries and associates are considered independent entities. Income statement items are translated at an average exchange rate for the month, and balance sheet items are translated at the exchange rates at the balance sheet date. Foreign-exchange differences arising on translation of the opening balance of equity of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of income statements from the average exchange rates at the transaction date to the exchange rates at the balance sheet date are recognized directly in equity.