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PocketMobile Danmark ApS

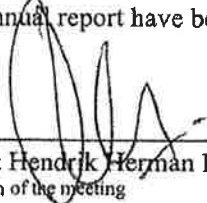
Svanemøllevej 41, 2900 Hellerup

Company reg. no. 32 66 56 75

Annual report

1 January - 31 December 2016

The annual report have been submitted and approved by the general meeting on the 26 April 2017.


Robert Hendrik Herman Reeder
Chairman of the meeting

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Notes to users of the English version of this document:

∞ To ensure the greatest possible applicability of this document, British English terminology has been used.

∞ Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

Management's report

The executive board has today presented the annual report of PocketMobile Danmark ApS for the financial year 1 January to 31 December 2016.

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 2016 and of the company's results of its activities in the financial year 1 January to 31 December 2016.

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.

Hellerup, 26 April 2017

Executive board



Jürgen Kesper



James A. Kirkland



Robbert Hendrik Herman Reeder

Independent auditor's report

To the shareholder of PocketMobile Danmark ApS

Opinion

We have audited the annual accounts of PocketMobile Danmark ApS for the financial year 1 January to 31 December 2016, 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.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2016 and of the results of the company's operations for the financial year 1 January to 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

Without modifying our opinion, we refer to the disclosures in note 1, from which it is evident that the company's going concern is dependent on a cash contribution. The parent company PocketMobile Communications AB has undertaken to contribute the cash necessary to PocketMobile Danmark ApS to meet its obligations as they fall due in respect of the liabilities taken into account in the accounts of PocketMobile Danmark ApS for the financial year 2016. PocketMobile Communications AB has also confirmed its current intention to provide all such further support as may be required for PocketMobile Danmark ApS to meet all such further liabilities as it may incur in connection with its ordinary business for the period ending 30 June 2018. Accordingly, the management has presented the financial statements on a going concern basis. We did not find any reason to take a different view in respect.

The management's responsibilities 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. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- ∞ Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ∞ Obtain an understanding of the internal control relevant to the audit 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.
- ∞ Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- ∞ Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- ∞ Evaluate the overall presentation, structure and contents of the annual accounts, including the disclosures in the notes, and whether the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control that we identify during our audit.

Independent auditor's report

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 26 April 2017

Grant Thornton

State Authorized Public Accountants
Company reg. no. 34 20 99 36



Jørgen Anker Nielsen
State Authorised Public Accountant

Company data

The company

PocketMobile Danmark ApS
Svanemøllevej 41
2900 Hellerup

Phone 70 10 80 50

Fax 35 87 22 00

Company reg. no. 32 66 56 75

Financial year: 1 January - 31 December

Executive board

Jürgen Kesper
James A. Kirkland
Robbert Hendrik Herman Reeder

Auditors

Grant Thornton, Statsautoriseret Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø

Parent company

PocketMobile Communications AB

Management's review

The principal activities of the company

The purpose of the company is sale of mobile IT-solutions and act as sales agent for PocketMobile Communications AB, who is the sole owner of PocketMobile Danmark ApS.

Development in activities and financial matters

The gross profit for the year is DKK 731.686 against DKK 1.494.446 last year. The results from ordinary activities after tax are 320.745 DKK against DKK 256.912 last year. The management consider the results satisfactory.

The management is aware that the company is subject to the rules on capital losses and expects that capital is restored by their own earnings. The parent company has undertaken to contribute cash to the extent that it's needed.

The management is expecting to close down the business within the foreseeable future.

Accounting policies used

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

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

The profit and loss account

Gross profit

The gross profit comprises the net turnover, direct and other 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.

Income from licenses accrued over the term of the license.

Direct costs, include costs directly attributable to the net turnover.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors.

Costs concerning investment properties

Costs concerning investment properties comprise operation costs, repair and maintenance costs, taxes, charges and other costs. Costs concerning the heating accounts are recognised in the balance sheet as a balance among the lessees.

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.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns 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.

Accounting policies used

The balance sheet

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.

Cash funds

Cash funds comprise cash at bank.

Liabilities

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

Accrued expenses and deferred income

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.

Profit and loss account 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2016</u>	<u>2015</u>
Gross profit	713.686	1.494.446
2 Staff costs	-342.854	-1.249.468
Operating profit	370.832	244.978
Other financial income	0	13.023
Other financial costs	-50.087	-1.089
Results before tax	320.745	256.912
Tax on ordinary results	0	0
Results for the year	320.745	256.912
Proposed distribution of the results:		
Allocated to results brought forward	320.745	256.912
Distribution in total	320.745	256.912

Balance sheet 31 December

All amounts in DKK.

Assets			
Note		<u>2016</u>	<u>2015</u>
Current assets			
Trade debtors		616.231	868.361
Other receivables		0	31.827
Accrued income and deferred expenses		<u>15.038</u>	<u>40.167</u>
Debtors in total		<u>631.269</u>	<u>940.355</u>
Cash funds		<u>1.524.099</u>	<u>701.751</u>
Current assets in total		<u>2.155.368</u>	<u>1.642.106</u>
Assets in total		<u>2.155.368</u>	<u>1.642.106</u>

Balance sheet 31 December

All amounts in DKK.

Equity and liabilities			
Note		<u>2016</u>	<u>2015</u>
Equity			
3	Contributed capital	125.000	125.000
4	Results brought forward	-389.693	-710.438
	Equity in total	<u>-264.693</u>	<u>-585.438</u>
Liabilities			
	Trade creditors	54.547	65.180
	Debt to group enterprises	1.680.000	840.000
	Other debts	260.343	608.869
	Deferred income	425.171	713.495
	Short-term liabilities in total	<u>2.420.061</u>	<u>2.227.544</u>
	Liabilities in total	<u>2.420.061</u>	<u>2.227.544</u>
	Equity and liabilities in total	<u>2.155.368</u>	<u>1.642.106</u>

1 Uncertainties concerning the enterprise's ability to continue as a going concern**5** Contingencies

Notes

All amounts in DKK.

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

The company has lost more than 50% of the contributed capital. The parent company PocketMobile Communications AB has undertaken to contribute the cash necessary to PocketMobile Danmark ApS to meet its obligations as they fall due in respect of the liabilities taken into account in the accounts of PocketMobile Danmark ApS for the period ending 31 December 2016. PocketMobile Communications AB has also confirmed its current intention to provide all such further support as may be required for PocketMobile Danmark ApS to meet all such further liabilities as it may incur in connection with its ordinary business for the period ending 30 June 2018. Accordingly, the management has presented the financial statements on a going concern basis.

	2016	2015
2. Staff costs		
Salaries and wages	320.869	1.185.347
Pension costs	19.042	45.672
Other costs for social security	3.913	12.495
Other staff costs	-970	5.954
	342.854	1.249.468
 Average number of employees	 1	 3
3. Contributed capital		
Contributed capital 1 January 2016	125.000	125.000
	125.000	125.000
4. Results brought forward		
Results brought forward 1 January 2016	-710.438	-967.350
Profit or loss for the year brought forward	320.745	256.912
	-389.693	-710.438
5. Contingencies		
Contingent assets		
The Company has a deferred tax asset of DKK 156.646. The deferred tax asset is not recognized in the balance sheet.		