

**Telerik Denmark A/S
CVR no. 20663782
Copenhagen, Denmark**

**Annual report
for the year ended 31 December 2015**

**Adopted at the Company's Annual General Meeting
on 30 May 2016**


Chairman Boyko Jordanov Iaromov

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Company details

Company:	Telerik Denmark A/S
CVR no:	20663782
Registered address:	c/o Bygning 3, st Vesterbrogade 149 1620 København V, Denmark
Telephone:	+45 33 93 88 20
Website:	www.telerik.bg
Incorporation date:	1 February 1998
Financial year:	16th financial year
Executive Board:	Svetozar Georgiev Georgiev
Supervisory Board:	Boyko Jordanov Iaromov (Chairman) Svetozar Georgiev Georgiev Vassil Alexandrov Terziev
Company auditors:	BDO STATS AUTORISERET REVISIONSAKTIESELSKAB Havneholmen 29 1 1561 København V Denmark

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Management's review

Principal Activities of the Company

As in previous years, the Company's activities were provision of software development , IT services and sale of software licenses.

Development in the Company's activities and financial matters

The Company's activities in the financial year 2015 resulted in a profit and per the balance sheet date 31/12/2015 equity is positive with DKK 2,038,427.

Outlook for 2016

The management of Company is planning to merge the legal entity into its parent company, Progress Software A/S, a Danish company, by the end of calendar year 2016.

Significant events after the balance sheet date

The management of the Company plans to merge the Company with its parent entity till the end of calendar year 2016.

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Statement by the Management on the annual report

The Supervisory and Executive Boards have today discussed and approved the annual report of Telerik Denmark A/S (the Company) for the financial year 1 January – 31 December 2015.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January – 31 December 2015.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend to the Annual General Meeting that the financial statements for the next financial year are not be audited. The Management declare that the conditions have been met.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 30 May 2016

Executive Board



Svelozar Georgiev Georgiev

Supervisory Board



Boyko Ivanov Iaromov (Chairman)



Svelozar Georgiev Georgiev



Vassil Alexandrov Terziev

The annual general meeting has decided that the financial statements for this year and in the future will be prepared in English language only.

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Independent auditors' report

To the shareholders of Telerik Denmark A/S

Independent auditors' report on the financial statements

We have audited the financial statements of Telerik Denmark A/S for the financial year 1 January – 31 December 2015. The financial statements comprise accounting policies, income statement, balance sheet and notes. 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. Management is also responsible for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 as to 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 procedures selected depend on the auditors' 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 auditors consider internal control relevant to the 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 opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of its operations for the financial year 1 January – 31 December 2015 in accordance with the Danish Financial Statements Act.

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 other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

30 May 2016

BDO STATSAUTORISERET REVISIONSAKTIESELSKAB
CVR no. 20222670


Søren Søndergaard Jensen
Statsautoriseret revisor

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Accounting policies

The annual report has been prepared in accordance with Danish financial statements legislation as well as generally accepted accounting principles.

The annual report has been prepared in accordance with the reporting requirements of the Danish Financial Statements Act of class B entities with the addition of some regulations from Danish Financial Statements Act of class C.

The accounting policies have not been changed from last year.

Recognition and Measurement

The financial statements have been prepared based on historical cost.

The income is recognised in the income statement as earned. Further to this, value adjustments of financial assets and liabilities measured at fair value or amortised costs are recognised. Furthermore, all costs incurred to earn the profit or loss for year have been recognised in the income statement, including amortisation, depreciation, write-down and provisions as well as reversals as a consequence of changed accounting estimates of amounts previously recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow into 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.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each financial statement item.

Certain financial assets and liabilities are measured at amortised cost, by which a constant redemption yield is recognised over the term. Amortised cost is calculated as original cost less instalments and addition/deduction of the accumulated amortisation of the difference between cost and the nominal amount. Thereby, capital and exchange losses or gains are allocated over the term.

On recognition and measurement, anticipated losses and risks that appear before presentation of the annual report and which confirm or invalidate affairs or conditions existing at the balance sheet date are considered.

The functional currency is Danish kroner, DKK. All other currencies are considered foreign currencies.

Foreign Currency Translations

During the year, transactions in foreign currencies have been translated applying the exchange rate at the transaction date. If currency positions are considered hedge of future cash flows, the value adjustments are recognised directly in equity.

Receivables and debt denominated in foreign currencies have been recognised at the exchange rate of the balance sheet date.

Realised and unrealised exchange gains and losses have been recognised in the income statement under other financial income and expenses.

Income Statement

The income statement has been classified by nature.

Gross profit/loss

The Company has aggregated the items "revenue", "other operating income" as well as external expenses.

As income recognition criterion, the completed contract method is applied so that revenue comprises invoiced revenue for the year. Revenue is measured at fair value excl. VAT and less granted goods and customer discounts.

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Other operating income

Other operating income includes financial statement items of a secondary nature in relation to the primary activity of the enterprise, including profit on sale of fixed assets.

External expenses

External expenses comprise selling costs, facility costs and administrative expenses.

Other operating expenses

Other operating expenses include financial statement items of a secondary nature in relation to the primary activity of the enterprise, including profit from sale of fixed assets.

Other financial income and other financial expenses

Financial income and expenses comprise interest, realised and unrealised exchange gains and losses as well as interest surcharge and interest reimbursements under the Danish Tax Prepayment Scheme.

Tax on profit or loss for the year income taxes

Tax on profit or loss for the year represents 23.5% of the book profit or loss adjusted for non-taxable and non deductible items.

Tax on profit or loss for the year consists of the anticipated tax portion of the taxable income for the year adjusted for the changes for the year in deferred tax. Changes in deferred taxes due to adjustments of tax rates is recognised in the income statement.

The Company is subject to the Danish Tax Prepayment Scheme. Interest reimbursement and interest surcharge have been recognised in financial income and expenses.

Balance Sheet

The balance sheet has been presented in account form.

Assets

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulate amortisation and depreciation. The basis of amortisation and depreciation is cost less estimated residual value after the end of useful life.

Cost comprises the acquisition price as well as costs directly related to the acquisition until the time when the asset is ready to be put into operation.

Depreciation is initiated when the assets are ready to be taken into operation. Assets are depreciated on a straight-line basis over their estimated useful lives:

Office equipment – 3-5 years

Profit/loss on sale or retirement has been included in the income statement under other operating income and other operating expenses.

Impairment of property, plant and equipment

The carrying amount of property plant and equipment is reviewed annually for indication of impairment for loss, apart from what is expressed by usual amortisation and depreciation. If this applies, impairment for loss is made of each asset or group of assets, respectively, to lower recoverable amount.

As recoverable amount, the higher of expected net selling price and net present value is applied. The net present value is calculated as the present value of the anticipated cash flows from the use of the asset or the group of assets.

Impairment for loss for the year is recognised in the income statement as amortisation, depreciation and impairment for loss of property, plant and equipment and intangible assets.

Fixed asset investments

Other receivables recognised under fixed assets comprise loans and rental deposits measured at amortised cost, which usually corresponds to nominal amount. In events when the carrying amount exceeds the recoverable amount, impairment for loss is made to such lower value. Impairment for loss for the year is recognised in the income statement as impairment for loss of financial assets.

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Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by write-down for bad debt according to an individual assessment.

Prepayments

Prepayments comprise costs incurred relating to subsequent financial years.

Equity and Liabilities

Equity

Management's proposed dividends for the financial year is disclosed as a separate item in equity.

Provision for deferred tax

Deferred tax is measured according to the liability method. Provision has been made for deferred tax by 22% on all temporary differences between carrying amount and tax-based value of assets and liabilities.

The tax-based values of tax losses carried forward are included in the statement of deferred tax if it is probable that the losses can be utilised.

Deferred tax assets which are not expected utilised within a few years have been disclosed in notes under contingent assets.

Other liabilities other than provisions

Other liabilities other than provisions have been measured at amortised cost which corresponds to nominal value.

Deferred income

Deferred income comprises income received relating to subsequent years.

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Income statement

	Notes	Year ended	
		31/12/2015 DKK	31/12/2014 DKK
Gross profit/loss		4,661,349	6,443,273
Staff costs	1	(3,829,911)	(5,454,344)
Profit/loss before tax depreciation, interest and tax		<u>831,438</u>	<u>988,929</u>
Depreciation, amortisation and impairment losses	5	(46,286)	(35,966)
Operating profit/loss		<u>785,152</u>	<u>952,963</u>
Other financial income	2	5,648	7,727
Other financial expenses	3	(7,218)	(27,001)
Profit/loss before tax		<u>783,582</u>	<u>933,689</u>
Tax on profit/loss for the year	4	(197,739)	(241,414)
Profit/loss for the year		<u><u>585,843</u></u>	<u><u>692,275</u></u>
Proposed profit/loss distribution			
Retained earnings		585,843	692,275
Proposed dividends for the financial year		-	-
Profit/loss for the year		<u><u>585,843</u></u>	<u><u>692,275</u></u>

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Balance sheet

	Notes	As at	
		31/12/2015 DKK	31/12/2014 DKK
Assets			
Fixed assets			
Fixture and fittings, tools and equipment	5	38,885	67,760
Total property, plant and equipment		<u>38,885</u>	<u>67,760</u>
Total fixed assets		38,885	67,760
Current assets			
Trade receivables		-	8,832
Receivables from group enterprises		2,089,230	1,464,548
Other receivables		162,685	112,143
Deferred tax assets		13,743	11,743
Prepayments		15,846	15,722
Total receivables		<u>2,261,504</u>	<u>1,612,988</u>
Cash		352,881	640,761
Total current assets		2,614,385	2,253,749
Total Assets		<u>2,653,270</u>	<u>2,321,509</u>
Equity and liabilities			
Equity	6		
Share capital		515,000	515,000
Retained earnings		1,523,427	937,584
Total equity		<u>2,038,427</u>	<u>1,452,584</u>
Liabilities			
Current liabilities			
Trade payables		-	17,702
Income tax payable		132,734	238,111
Other payables		292,549	513,797
Accrued liabilities		189,560	99,315
Total current liabilities		<u>614,843</u>	<u>868,925</u>
Total liabilities		614,843	868,925
Total Equity and Liabilities		<u>2,653,270</u>	<u>2,321,509</u>

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Notes to the financial statements

1 Staff costs

	2015 DKK	2014 DKK
Wages and salaries	(3,745,343)	(5,278,759)
Pension contributions	(66,457)	(126,054)
Other social security costs	(18,111)	(49,531)
	<u>(3,829,911)</u>	<u>(5,454,344)</u>

2 Other financial income

	2015 DKK	2014 DKK
Interest income	8	544
Foreign exchange gains	5,640	7,183
	<u>5,648</u>	<u>7,727</u>

3 Other financial expenses

	2015 DKK	2014 DKK
Interest expense	-	(18)
Foreign exchange losses	(7,218)	(26,982)
	<u>(7,218)</u>	<u>(27,001)</u>

4 Corporation tax and deferred tax

	2015 DKK	2014 DKK
Corporate tax liability	(199,739)	(245,603)
Changes in deferred tax	2,937	8,590
Deferred tax adjustment due to tax rate changes	(937)	(883)
	<u>(197,739)</u>	<u>(237,896)</u>

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Notes to the financial statements

5 Fixture and fittings, tools and equipment

	Computer and office equipment DKK	Total DKK
Cost		
At 1 January 2014	110,436	110,436
Additions	13,768	13,768
Disposals	-	-
At 31 December 2014	<u>124,204</u>	<u>124,204</u>
At 1 January 2015	124,204	124,204
Additions	17,410	17,410
Disposals	-	-
At 31 December 2015	<u>141,614</u>	<u>141,614</u>
Accumulated depreciation		
At 1 January 2014	20,478	20,478
Charge for the year	35,966	35,966
At 31 December 2014	<u>56,444</u>	<u>56,444</u>
At 1 January 2015	56,444	56,444
Charge for the year	46,286	46,286
At 31 December 2015	<u>102,730</u>	<u>102,730</u>
Carrying amount		
At 1 January 2014	89,958	89,958
At 31 December 2014	<u>67,760</u>	<u>67,760</u>
At 1 January 2015	67,760	67,760
At 31 December 2015	<u>38,884</u>	<u>38,884</u>

6 Equity

	31/12/2015 DKK	31/12/2014 DKK
Share capital at 31 December 2015	515,000	515,000
Retained earnings at 1 January 2015	937,584	245,309
Paid out dividends	-	-
Transfer from profit/loss for the year	585,843	692,275
Retained earnings at 31 December 2015	<u>1,523,427</u>	<u>937,584</u>
Equity at 31 December 2015	<u>2,038,427</u>	<u>1,452,584</u>

The share capital consists of 515,000 shares of DKK 1.
The share capital has not been changed for the past 5 years.

7 Contractual obligations

The Company has entered into office lease agreement with the option to terminate not earlier than 30 May 2016. As at the balance sheet date, the total amount of the future lease commitment is DKK 95,625.
