

Volubill Danmark ApS

c/o TMF Denmark A/S, Bredgade 6, 1., 1260 Copenhagen K
CVR no. 31 06 13 50



Annual report 2015

Approved at the Company's annual general meeting on 25 May 2016

Chairman:



.....
Darren Parkinson



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Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of Volubill Danmark ApS 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 that the annual report be approved at the annual general meeting.

Copenhagen, 25 May 2016
Executive Board:

Joseph Thomas Ruble



David John Heaps



Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of Volubill Danmark ApS 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 that the annual report be approved at the annual general meeting.

Copenhagen, 25 May 2016
Executive Board:

A handwritten signature in blue ink, appearing to read 'J. T. Ruble', written over a horizontal line.

Joseph Thomas Ruble

A handwritten signature in blue ink, appearing to read 'D. J. Heaps', written over a horizontal line.

David John Heaps

Independent auditors' report

To the shareholder of Volubill Danmark ApS

Independent auditors' report on the financial statements

We have audited the financial statements of Volubill Danmark ApS for the financial year 1 January - 31 December 2015, which comprise income statement, balance sheet and notes, including 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 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.

Copenhagen, 25 May 2016
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Claus Tanggaard Jacobsen
State Authorised Public Accountant



Management's review

Company details

Name	Volubill Danmark ApS
Address, zip code, city	c/o TMF Denmark A/S, Bredgade 6, 1., 1260 Copenhagen K
CVR no.	31 06 13 50
Established	14 November 2007
Registered office	Copenhagen
Financial year	1 January - 31 December
Executive Board	Joseph Thomas Ruble David John Heaps
Auditors	Ernst & Young, Godkendt Revisionspartnerselskab Osvold Helmuhs Vej 4, 2000 Frederiksberg, Denmark

Management's review

Operating review

Principal activities of the Company

The Company continues (from 1 January 2014) to act as an agent for the parent company, whereby customer revenue is passed on in full to the parent company. The parent company is responsible for all risks associated with revenue and the underlying contracts. The parent company also agreed to reimburse all costs of the Company plus an appropriate mark-up.

In previous years, and for most of 2015, the main activities of the Company comprised software development, sale of software licences and related consultancy services derived from implementation and maintenance for the products VBS ("Volubill Business System") and VNS ("Volubill Network System"). In October 2015, a decision was made to discontinue new sales of the Volubill products. As a result of this decision, future activity in Volubill will comprise of fulfilling support and maintenance agreements for existing customers who are using the Volubill products.

Unusual circumstances

The annual report of the Company has not been influenced by any other unusual circumstances.

Development in activities and financial matters

As noted above, in October 2015, a decision was made to discontinue new sales of the Volubill products and to limit the activity in Volubill to providing support and maintenance services for existing customers. Due to this decision, the entire software development and administrative functions were made redundant, and the Company terminated its premises lease to move to a smaller space for the remaining staff.

The net profit for the year amounted to DKK 1,892 thousand (2014: DKK 7,112 thousand). Included in the net profit for 2014 was a one-off item being profit on disposal of VBS Intellectual Property totalling DKK 5,463 thousand. At 31 December 2015, the Company had positive equity of DKK 11,689 thousand. The Company will realise a profit in future years due to its intercompany agreement with its parent company.

Events after the balance sheet date

No events have occurred after the balance sheet date which could influence the evaluation of this annual report.

Financial statements for the period 1 January - 31 December

Income statement

Note	DKK'000	2015	2014
	Revenue	28,999	24,613
2	Cost of sales	-3,090	-4,621
	Gross profit	25,909	19,992
2	Research and development costs	-18,516	-12,552
2	Sales and marketing costs	-1,045	0
2	Administrative expenses	-4,593	-5,746
	Operating profit	1,755	1,694
	Other operating income	0	5,463
	Profit before net financials	1,755	7,157
	Financial income	140	0
	Financial expenses	-3	-45
	Profit before tax	1,892	7,112
	Tax on profit/loss for the year	0	0
	Profit for the year	1,892	7,112
	Proposed profit appropriation/distribution of loss		
	Dividends for the financial year	0	0
	Retained earnings	1,892	7,112
		1,892	7,112

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2015	2014
	ASSETS		
	Non-current assets		
3	Intangible assets		
	Software	0	3
		0	3
4	Property, plant and equipment		
	Leasehold improvements	0	556
	Equipment and fixtures	13	166
		13	722
	Investments in non-current assets		
	Deposits	200	349
		200	349
	Total non-current assets	213	1,074
	Current assets		
	Receivables		
	Amounts owed by group enterprises	15,668	4,829
	Other receivables	237	392
	Prepayments	91	140
		15,996	5,361
	Cash at hand and in bank	3,126	7,297
	Total current assets	19,122	12,658
	TOTAL ASSETS	19,335	13,732

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2015	2014
	EQUITY AND LIABILITIES		
5	Equity		
	Share capital	600	500
	Share premium	9,197	0
	Retained earnings	1,892	-7,441
	Total equity	<u>11,689</u>	<u>-6,941</u>
	Liabilities		
	Non-current liabilities other than provisions		
	Payables to related parties	0	16,807
		<u>0</u>	<u>16,807</u>
	Current liabilities other than provisions		
	Trade payables	146	311
	Other payables	7,500	3,555
		<u>7,646</u>	<u>3,866</u>
	Total liabilities	<u>7,646</u>	<u>20,673</u>
	TOTAL EQUITY AND LIABILITIES	<u>19,335</u>	<u>13,732</u>

- 1 Accounting policies
- 6 Contractual obligations and contingencies, etc.
- 7 Related party disclosures

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Volubill Danmark ApS for 2015 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year. The presentation in the balance sheet has been changed, as some reclassifications have been made. The comparable numbers have been changed accordingly. The changed presentation does not have any impact on equity.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised 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 at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Non-current assets acquired in foreign currencies are measured at the exchange rate at the transactions date.

Income statement

Revenue

Revenue comprises services rendered to the parent company in accordance with intercompany arrangements with group companies.

Cost of sales

Cost of sales comprises direct and indirect costs incurred to earn revenue. Cost of sales concerning delivery of software services is recognised as incurred.

Research and development costs

Research and development costs primarily comprise salaries incurred for research and development.

Sales and marketing costs

Sales and marketing costs comprise costs for distribution of goods sold and also costs for sales campaigns, including costs for sales and distribution staff, advertising costs as well as depreciation and amortisation.

Administrative expenses

Administrative expenses comprise expenses incurred for Management and administration of the Company, including expenses for the administrative staff and Management, stationery and office supplies, etc.

Other operating income

Other operating income comprises items secondary to the Company's activities, including gain on disposal of non-current assets.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses comprise interest income and expense, realised and unrealised gains and losses on payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit for the year

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

Intangible assets comprise software.

On initial recognition, intangible assets are measured at cost. Intangible assets are subsequently measured at cost less accumulated amortisation and write-downs. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets, although not exceeding:

Software 3 years

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Property, plant and equipment

On initial recognition, property, plant and equipment are measured at cost. Leasehold improvements and equipment and fixtures are subsequently measured at cost less accumulated depreciation.

The basis of depreciation is cost less expected residual value at the end of the useful life.

Costs comprise the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Leasehold improvements 10 years
Equipment and fixtures 3-5 years

Gains and losses on the disposal of property, plant and equipment are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment as well as investments in subsidiaries is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses when there is objective evidence that a receivable or a portfolio of receivables has been impaired. If there is objective evidence that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily composed on the basis of the country of domicile and credit ratings of the debtors in accordance with the credit risk management policy of the Company. The objective indicators used in relation to portfolios are determined based on historical loss experience.

Write-downs are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years. Prepayments are measured at cost.

Corporation tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Liabilities

Financial liabilities comprising amounts owed to trade payables and payables to group enterprises are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK'000	2015	2014
2 Staff costs		
Wages and salaries	20,907	16,585
Pensions	1,124	879
Other social security costs	272	197
	<u>22,303</u>	<u>17,661</u>
 Average number of full-time employees	 <u>24</u>	 <u>29</u>

Staff costs are booked as follows:

Cost of services	2,698	4,240
Research and development costs	17,787	11,991
Sales and marketing costs	911	0
Administrative expenses	907	1,430
	<u>22,303</u>	<u>17,661</u>

3 Intangible assets

	Software
Cost at 1 January 2015	588
Additions	2
Disposals	-570
Cost at 31 December 2015	<u>20</u>
Impairment and amortisation at 1 January 2015	585
Amortisation	5
Disposals	-570
Impairment and amortisation at 31 December 2015	<u>20</u>
Carrying amount at 31 December 2015	<u><u>0</u></u>

4 Property, plant and equipment

DKK'000	Leasehold improve- ments	Equipment and fixtures	Total
Cost at 1 January 2015	801	3,543	4,344
Additions	0	150	150
Disposals	-801	-3,676	-4,477
Cost at 31 December 2015	<u>0</u>	<u>17</u>	<u>17</u>
Impairment and depreciation at 1 January 2015	245	3,377	3,622
Depreciation	77	151	228
Disposals	-322	-3,524	-3,846
Impairment and depreciation at 31 December 2015	<u>0</u>	<u>4</u>	<u>4</u>
Carrying amount at 31 December 2015	<u><u>0</u></u>	<u><u>13</u></u>	<u><u>13</u></u>

Financial statements for the period 1 January - 31 December

Notes to the financial statements

5 Equity

DKK'000	Share capital	Share Premium	Retained earnings	Total
Balance at 1 January 2015	500	0	-7,441	-6,941
Capital increase	100	16,638	0	16,738
Transfer	0	-7,441	7,441	0
Profit appropriation	0	0	1,892	1,892
Balance at 31 December 2015	600	9,197	1,892	11,689

Changes in share capital for the past five years can be specified as follows:

DKK	2015	2014	2013	2012	2011
Balance at 1 January	500	500	500	500	500
Capital increase	100	0	0	0	0
	600	500	500	500	500

The share capital is nominally DKK 600,000, denominated into 6,000 shares of nominal DKK 100 each. The share capital is not divided into different classes of share. No share shall confer special rights.

6 Contractual obligations and contingencies, etc.

The Company has put up security for its debt to the parent company totalling DKK 0 at 31 December 2015.

7 Related party disclosures

Volubill Danmark ApS' related parties comprise the following:

Parties exercising control

Independent Technology Systems Ltd., Wells Court, Albert Drive, Woking, Surrey, UK, which controls the Company.

Ownership

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

Independent Technology Systems Ltd.
Wells Court
Albert Drive
Woking
Surrey
UK

CSG Systems International Inc.
9555 Maroon Circle
Englewood
USA

The consolidated financial statements of CSG Systems International Inc. are available at the Company's address or on the Company's website www.csgi.com.