

Deloitte
Statsautoriseret
Revisionspartnerselskab
CVR-nr. 33963556
City Tower, Værkmestergade 2
8000 Aarhus C

Telefon 89 41 41 41
Telefax 89 41 42 43
www.deloitte.dk

Psion ApS
Hummeltoftevej 49
2830 Virum
Central Business Registration No
33066651

Annual report 2016

The Annual General Meeting adopted the annual report on 29.05.2017

Chairman of the General Meeting

Name: Stephen Michael Piercey

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Entity details

Entity

Psion ApS
Hummeltoftevej 49
2830 Virum

Central Business Registration No: 33066651

Registered in: Virum

Financial year: 01.01.2016 - 31.12.2016

Executive Board

Stephen Michael Piercey

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management on the annual report

The Executive Board have today considered and approved the annual report of Psion ApS for the financial year 01.01.2016 - 31.12.2016.

The annual report is presented in accordance with the Danish Financial Statements Act.

In my opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016.

I believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

I recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 24.05.2017

Executive Board

Stephen Michael Piercey

Independent auditor's reports

To the shareholders of Psion ApS

Report on extended review of the financial statements

We have performed an extended review of the financial statements of Psion ApS for the financial year 01.01.2016 - 31.12.2016. The financial statements, which comprise the income statement, balance sheet, statement of changes in equity, notes and accounting policies, 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. We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors.

This requires that we comply with the Danish Public Accountants Act and FSR – Danish Auditors' Code of Conduct and plan and perform procedures to obtain limited assurance about our opinion on the financial statements and that we perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our opinion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity personnel, performing analytical procedures and specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

Conclusion

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

Independent auditor's reports

In connection with our extended review of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the extended review or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aarhus, 24.05.2017

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

Morten Gade Steinmetz

statsautoriseret revisor

Management commentary

Primary activities

The entity sell IT solutions and related services.

Development in activities and finances

Profit for the year is DKK 89k, which Management considers unsatisfactory.

The Entity has positive expectations for the financial year 2017, and Management expects the Entity to have sufficient liquidity to finance its future operations.

Events after the balance sheet date

Effective 1 May 2017 direct revenue and all associated instangible assets are being transferred to the Group Company ZTE UK.

Except the above no events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
Gross profit		13.330.189	16.823.870
Staff costs	1	(8.837.027)	(12.550.792)
Depreciation, amortisation and impairment losses		<u>(3.668.039)</u>	<u>(3.422.397)</u>
Operating profit/loss		825.123	850.681
Other financial income	2	20.748	22.667
Other financial expenses	3	<u>(616.510)</u>	<u>(3.044.307)</u>
Profit/loss before tax		229.361	(2.170.959)
Tax on profit/loss for the year	4	<u>(140.676)</u>	<u>670.308</u>
Profit/loss for the year		<u>88.685</u>	<u>(1.500.651)</u>
Proposed distribution of profit/loss			
Extraordinary dividend distributed in the financial year		8.750.000	0
Retained earnings		<u>(8.661.315)</u>	<u>(1.500.651)</u>
		<u>88.685</u>	<u>(1.500.651)</u>

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
Acquired rights		610.473	824.937
Goodwill		9.092.379	12.382.520
Intangible assets	5	9.702.852	13.207.457
Other receivables		234.756	227.919
Fixed asset investments		234.756	227.919
Fixed assets		9.937.608	13.435.376
Trade receivables		5.647	14.124
Receivables from group enterprises		15.662.726	19.716.297
Deferred tax		541.916	682.592
Other receivables		61.179	75.131
Income tax receivable		0	259.218
Prepayments		139.129	1.615
Receivables		16.410.597	20.748.977
Cash		1.765.958	5.408.565
Current assets		18.176.555	26.157.542
Assets		28.114.163	39.592.918

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
Contributed capital		80.000	80.000
Retained earnings		8.597.327	17.258.642
Equity		8.677.327	17.338.642
Trade payables		419.735	143.058
Payables to group enterprises		16.319.312	15.876.065
Other payables		2.555.262	3.298.751
Deferred income		142.527	2.936.402
Current liabilities other than provisions		19.436.836	22.254.276
Liabilities other than provisions		19.436.836	22.254.276
Equity and liabilities		28.114.163	39.592.918
Unrecognised rental and lease commitments	6		

Statement of changes in equity for 2016

	Contributed capital DKK	Retained earnings DKK	Proposed extraordinary dividend DKK	Total DKK
Equity beginning of year	80.000	17.258.642	0	17.338.642
Extraordinary dividend paid	0	0	(8.750.000)	(8.750.000)
Profit/loss for the year	0	(8.661.315)	8.750.000	88.685
Equity end of year	80.000	8.597.327	0	8.677.327

Notes

	2016	2015
	DKK	DKK
1. Staff costs		
Wages and salaries	7.847.544	11.412.040
Pension costs	576.296	718.662
Other social security costs	413.187	420.090
	8.837.027	12.550.792
Average number of employees	8	8
	2016	2015
	DKK	DKK
2. Other financial income		
Financial income arising from group enterprises	20.748	22.667
	20.748	22.667
	2016	2015
	DKK	DKK
3. Other financial expenses		
Financial expenses from group enterprises	74.134	81.215
Other financial expenses	542.376	2.963.092
	616.510	3.044.307
	2016	2015
	DKK	DKK
4. Tax on profit/loss for the year		
Change in deferred tax for the year	314.084	(444.514)
Adjustment concerning previous years	(173.408)	(272.334)
Effect of changed tax rates	0	46.540
	140.676	(670.308)

Notes

	Acquired rights DKK	Goodwill DKK
	<u>DKK</u>	<u>DKK</u>
5. Intangible assets		
Cost beginning of year	1.002.908	16.328.597
Transfers	0	188.225
Disposals	<u>(90.262)</u>	<u>(231.964)</u>
Cost end of year	<u>912.646</u>	<u>16.284.858</u>
Amortisation and impairment losses beginning of year	(177.971)	(3.946.077)
Amortisation for the year	(149.944)	(3.246.402)
Reversal regarding disposals	<u>25.742</u>	<u>0</u>
Amortisation and impairment losses end of year	<u>(302.173)</u>	<u>(7.192.479)</u>
Carrying amount end of year	<u>610.473</u>	<u>9.092.379</u>
	2016	2015
	DKK	DKK
6. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	<u>352.134</u>	<u>642.401</u>

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, costs of raw materials and consumables, and external expenses.

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise direct costs incurred for the sale of IT solutions for the financial year.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Accounting policies

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income

Other financial income comprises interest income, including interest income and exchange adjustments from receivables from group enterprises.

Other financial expenses

Other financial expenses comprise interest expenses and exchange adjustment of liabilities etc. it also includes interest income and exchange adjustments from receivables from group enterprises.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Goodwill

Goodwill is the positive difference between cost and value in use of assets and liabilities taken over as part of the acquisition. Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile. If it is not possible to estimate the useful life reliably, it is set at 10 years. Useful lives are reassessed on an annual basis. The amortisation periods used are 5 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc

Intellectual property rights comprise identifiable acquired customer relationships.

Rights to acquired customer relationships are measured at cost less accumulated amortisation. The amortisation period is five to eight years.

Customer relationships etc. are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Accounting policies

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

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

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.