

Global Scanning Denmark A/S

Svanevang 2, 3450 Allerød

CVR nr. 12 75 92 82

Annual Report for the year ended 31 December 2017 31st financial year

Adopted at the Annual General Meeting of shareholders
on 12 April 2018


.....
Chairman

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Company details**Main office**

Global Scanning Denmark A/S
Svanevang 2
3450 Allerød

Phone +45 48 14 11 22
Fax +45 48 14 01 22

Country of incorporation

Denmark

Board of Directors

Tomas Håkan Therén (Chairman)
Oskar Emanuel Lindholm
Gunnel Ellinor Duveblad

Executive Board

Graham James Ohn Tinn (CEO)
Anja Møller Folkvardsen (CFO)

Shareholders holding 5% or more of the share capital or the voting rights

Global Scanning A/S, Denmark, reg. no. 34 61 31 41

Percentage
100%

Parent

Global Scanning A/S, Allerød

Ultimative parent

Procuritas Capital Investors V LP

Auditors

Ernst & Young Godkendt Revisionspartnerselskab

Bankers

Nordea Bank Danmark A/S

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Global Scanning Denmark A/S for the financial year 1 January - 31 December 2017.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements in The Danish Statements Act.

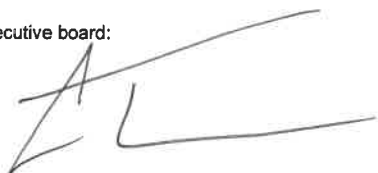
It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 December 2017 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2017.

Further, in our opinion, the Management's Review includes a true and fair review of the development in the Group's and the Parent Company's operations and financial conditions, of the results for the year and of the financial position of the Group and the Parent Company, as well as a description of the more significant risks and uncertainty facing the Group and the Parent Company.

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

Allerød, 12 April 2018

Executive board:



.....
Graham James Ohn Tinn
(CEO)




.....
Anja Møller Folkvardsen
(CFO)

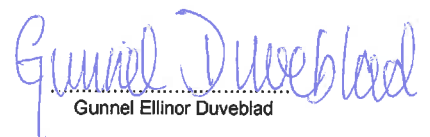
Board of Directors:



.....
Tomas Håkan Therén
Chairman



.....
Oskar Emanuel Lindholm



.....
Gunnel Ellinor Duveblad

Independent auditor's report**To the shareholders of Global Scanning Denmark A/S****Opinion**

We have audited the financial statements of Global Scanning Denmark A/S for the financial year 1 January – 31 December 2017, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow and notes, including accounting policies. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2017 in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, 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 conclude that the Management's review 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 misstatements of the Management's review.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of 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.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of 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 and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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 financial statements 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 financial statements, including the note disclosures, and whether the financial statements represent 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 internal control that we identify during our audit.

Copenhagen, 12 April 2018

Ernst & Young

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28

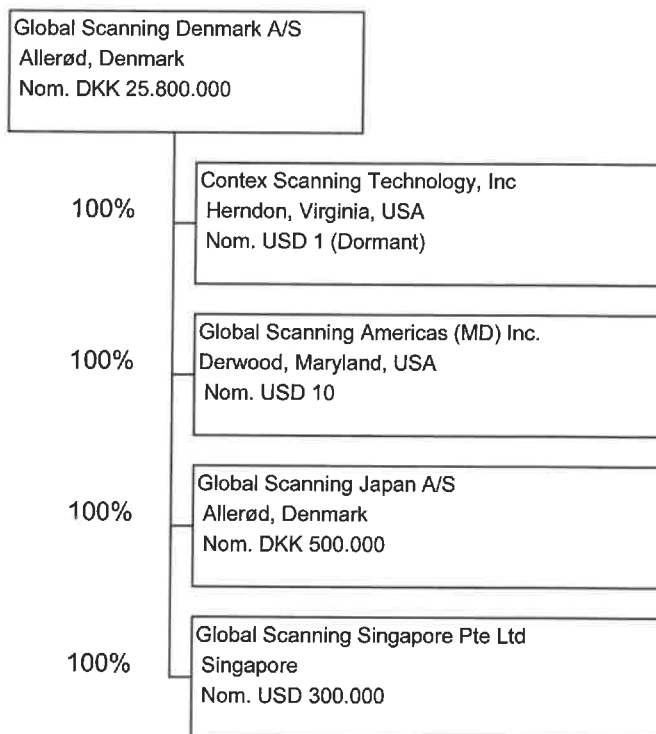


Mogens Andreasen
State Authorised
Public Accountant
mne28603



Alex Petersen
State Authorised
Public Accountant
mne28604

Group chart



Financial highlights

In USD thousands, except ratios, USD rate and number of employees.

Key figures	2017	2016	2015	2014	2013
Profit & Loss					
Revenue	17.618	20.456	22.475	28.254	28.291
Operating result	(1.005)	(2.568)	(911)	(485)	16
Net financials	(1.847)	(876)	347	(573)	(967)
Net result for the year	(2.153)	(2.711)	(315)	(881)	(7.843)
Cash Flows					
Cash flows from operating activities	3.009	1.163	3.941	4.621	1.496
Cash flow to net investments	(2.611)	(4.648)	(2.243)	(2.923)	(3.504)
Hereoff investments in tangible assets	(343)	(317)	(394)	(501)	(337)
Net cash flow for the year	3.390	(1.092)	1.665	1.584	(2.694)
Cash and cash equivalents at year-end	586	(2.804)	1.712	(47)	(1.631)
Balance sheet					
Total equity	2.859	13	2.158	2.067	4.009
Total assets	17.154	20.004	21.724	21.863	24.258
Exchange rate per balance sheet date DKK/USD	6,21	7,05	6,86	6,11	5,41
Average number of employees	42	79	93	116	114

Key figures and ratio explanations and definitions

The financial highlights and ratios are defined and calculated in accordance with the online guidance from the Danish Finance Society regarding the calculation of financial highlights and ratios: "Recommendations & Financial Ratios".

Management's Review

The Company develops manufactures and markets large-format scanning solutions for the computer-aided design (CAD), geographic information systems (GIS), reprographic products, copy services and document archiving segments. Global Scanning Denmark's scanners are sold under the brand "Context" and digitally capture documents, drawings and other 2D input in order to view, edit, archive, convert or print output data.

The Company aims to be a global leader. The Company's products are sold across the world through dealers and distributors and via OEM agreements with major enterprises.

Net profit for the year

The net result was lower than expected. The Company's revenue was expected to be in line with 2016, but only totaled USD 17.618 thousand, down from USD 20.456 thousand in 2016. The operating profit is negative by USD 1.005 thousand influenced by higher than normal costs to severance payment of USD 527 thousand and the deficit for the year before tax is USD 2.853 thousand against a deficit of USD 3.444 thousand in 2016.

The balance sheet total at 31 December 2017 was USD 18.172 thousand compared to USD 20.004 thousand in 2016. Cash at 31 December 2016 had increased by USD 282 thousand in net value, and the unused credit facilities totaled USD 2.197 thousand. A receivable of USD 912 thousand at 31 December 2016 can be attributed to the sale of the Danish factory in 2016 and was released to cash in January 2017. Total investments in the year were USD 2.611 thousand.

Movements in the DKK/USD rate during 2018 can have an impact on the Group's operating profit.

Capital structure

Equity and gearing

The Company's capital structure is as follows:

	2017 USD'000	2016 USD'000
Debt		
Interest-bearing loans and other borrowings	0	3.108
Cash	<u>(586)</u>	<u>(304)</u>
Net debt	(586)	2.804
Total equity	<u>2.859</u>	<u>13</u>
Total capital employed	<u>2.273</u>	<u>2.817</u>

Debt profile

The Company's financial debt profile is as follows:

	2017 USD'000	2016 USD'000
Short-term liabilities:		
Bank debt	<u>0</u>	<u>3.108</u>
	<u>0</u>	<u>3.108</u>

Management's Review, continued

Research and development

Research and development expenses in 2017 amounted to USD 4.696 thousand (2016: USD 5.092 thousand) equal to 26.7% of the revenue (2016: 26.7%). The Company has, during the year, developed new product platforms for both scanners and software. Of the costs incurred USD 2.162 thousand was capitalized (2016: USD 1.866 thousand).

In 2017 R&D has focused on developing and introducing 2 new platforms, covering the high segment productivity market and a new low cost flatbed platform for specialized scanning. All major software platforms have been modernized and are now fully up to date. At the same time, more and more resources have been used to explore the world of 3D scanning. We acquired a 3D online sharing platform in 2016 and plan to combine our upcoming 3D hardware with this platform to create new innovative products in this space.

The development will continue with a further strengthening of the product program.

It is the Company's opinion that it has gained a competitive edge with its product portfolio.

Risk Management

At Global Scanning Denmark A/S risk management is an integrated part of the operational activities with a view to reducing the uncertainty of the Company's strategic objectives being met.

The key risks are summarized by the following main areas:

- Industry and market risks
- Financial risks (currency, interest rates, liquidity)
- Credit risks (financial institutions and commercial receivables)
- Environmental risks

A detailed description of the Company's risks is provided in note 22. Financial risk – management objectives and policies.

Industry and market risks

Global Scanning Denmark A/S minimizes industry and market risks through (1) using numerous routes to market under a number of different brands which include two own brands in parallel with OEM contracts with major global suppliers; (2) continuing to invest in research and development to ensure the company's technology base and products are state-of-the-art; and (3) manufacturing in a low cost environment to ensure products carry a low cost and can be competitively priced.

Environmental risks

Global Scanning Denmark A/S manages risks concerning the environment by (1) ensuring the company's manufacturing operations are fully compliant with relevant international standards and (2) ensuring that all of the company's products meet relevant international standards.

Outlook

Global Scanning Denmark A/S has a strong global market position, including opportunities for further profitable growth. A continued focus on R&D investments will enhance the competitive advantages. The outlook for 2018 is cautiously optimistic, and the company expects the revenue for 2018 to be in line with 2017.

The company expects a negative result around USD 1 million in 2018 due to increased R&D in 3D scanning.

Subsequently events

No post balance sheet events have occurred which could materially affect the assessment of the Group's financial position.

Corporate Social Responsibilities

No CSR policy including separate policies for human rights and reduction of environmental and climate impact has been prepared by the group.

Gender composition of management

The Board of Directors consists of 1 woman (33.3%) and 2 men (66.7%). Inevitably, a gender is under-represented and it is the Board's objective that the under-represented sex must remain at least 33.3%.

Management's Review, continued

Management has adopted a policy to increase the share of the under-represented sex to the other levels of management, which includes the company expanded executive and middle management. The policy sets internal targets for the proportion of female managers and policy also provides guidelines for the recruitment and retention of women leaders in the Company.

Specifically, the company has initiated several actions to increase the proportion of female managers:

- Personnel policy that promotes career opportunities for both sexes
- Recruitment procedures, which help to ensure a level recruitment opportunities for both sexes

The initiatives has been implemented in 2013 and has not yet had an effect, and the proportion of female managers at other levels of management is 20%. The company expects as a result of the initiatives put in place that the proportion of female managers at other management levels will rise slightly in the coming years.

**Statement of profit and loss
for the year ended 31 December**

	Notes	2017 USD'000	2016 USD'000
Revenue		17.618	20.456
Production costs	5	<u>(14.487)</u>	<u>(19.522)</u>
Gross profit		3.131	935
Distribution costs	5	(2.094)	(2.320)
Administrative costs	5	(2.059)	(1.841)
Other operating income	6	<u>16</u>	<u>658</u>
Operating result		(1.005)	(2.568)
Financial income	7	0	127
Financial expenses	8	<u>(1.847)</u>	<u>(1.003)</u>
Result before tax		(2.853)	(3.444)
Income taxes	9	<u>699</u>	<u>734</u>
Net result for the year		<u>(2.153)</u>	<u>(2.711)</u>

Statement of other comprehensive Income

	Notes	2017 USD'000	2016 USD'000
Net profit for the year		(2.153)	(2.711)
Other comprehensive income			
Other comprehensive income to be reclassified to profit and loss in subsequent periods			
Valuation adjustment for the year on cash flow hedges		0	47
Valuation adjustment reclassified to production, distribution and administrative costs		0	677
Income tax effect		<u>0</u>	<u>(159)</u>
Total comprehensive income for the year, net of tax		<u>(2.153)</u>	<u>(2.145)</u>

Balance sheet
at 31 December

	Notes	2017 USD'000	2016 USD'000
Assets			
Non-current assets			
Development costs		6.009	5.936
Customer relations		590	1.007
License rights and patents		<u>880</u>	<u>869</u>
Total intangible assets	10	<u>7.479</u>	<u>7.812</u>
Property, plant and equipment			
Land and buildings		1.670	1.718
Leasehold improvements		30	44
Plant and machinery		0	5
Other plant, operating equipment etc.		<u>372</u>	<u>431</u>
Total property, plant and equipment	11	<u>2.072</u>	<u>2.198</u>
Financial assets			
Other long term assets		<u>92</u>	<u>99</u>
Total financial assets		<u>92</u>	<u>99</u>
Total non-current assets		<u>9.643</u>	<u>10.109</u>
Current assets			
Inventories			
Raw materials and consumables		166	120
Work in progress		0	0
Finished goods		<u>1.567</u>	<u>1.724</u>
Total inventories	13	<u>1.733</u>	<u>1.844</u>
Receivables			
Trade receivables	14	1.734	2.469
Receivable from group enterprises		3.192	4.090
Other receivables		0	912
Income tax receivable	17	0	10
Prepayments		<u>266</u>	<u>266</u>
Total receivables		<u>5.192</u>	<u>7.747</u>
Cash and cash equivalents		<u>586</u>	<u>304</u>
Total current assets		<u>7.511</u>	<u>9.895</u>
Total assets		<u>17.154</u>	<u>20.004</u>

Balance sheet
at 31 December

	Notes	2017 USD '000	2016 USD '000
Equity and liabilities			
Shareholders' equity			
Share capital		3.401	3.401
Reserve for development costs		2.452	1.354
Retained earnings		<u>(2.994)</u>	<u>(4.742)</u>
Total shareholders' equity		<u>2.859</u>	<u>13</u>
 Liabilities other than provisions			
Deferred tax liabilities	15	750	737
Payables to group enterprises		<u>7.191</u>	<u>6.930</u>
Long-term liabilities other than provisions		<u>7.941</u>	<u>7.667</u>
 Short-term liabilities			
Bank debt	16	0	3.108
Trade payables		570	426
Income taxes payable	17	1	0
Payables to group enterprises		4.541	7.187
Other liabilities		<u>1.242</u>	<u>1.603</u>
Short-term liabilities		<u>6.354</u>	<u>12.324</u>
 Total liabilities other than provisions		<u>14.294</u>	<u>19.991</u>
 Total equity and liabilities		<u>17.154</u>	<u>20.004</u>
 Contingent assets and liabilities and other financial obligations			
Contingent assets and liabilities and other financial obligations	18		
Foreign currency in the balance sheet	19		
Financial assets and liabilities	20		
Share capital and reserves	21		
Financial risk - management objectives	22		
Related party transactions	23		

Changes in equity

USD'000	Share capital	Retained earnings	Reserve for development costs	Total
Balance 1/1 2016	3.401	(1.242)	0	2.158
Comprehensive income:				
Net profit for the year	0	(2.711)	0	(2.711)
Other comprehensive income:				
Valuation adjustment for the year, cash flow hedges	0	(1.354)	1.354	0
Valuation adjustment reclassified to production, distribution and administrative costs	0	47	0	47
Valuation adjustment reclassified to financial items	0	677	0	677
Income tax effect	0	(159)	0	0
Other comprehensive income	<u>0</u>	<u>(789)</u>	<u>1.354</u>	<u>725</u>
Comprehensive income	0	(3.500)	1.354	(1.986)
Balance 1/1 2017	3.401	(4.742)	1.354	13
Transactions with shareholders:				
Dividend	0	0	0	0
Group Contribution	0	5.000	0	5.000
Transactions with shareholders	0	5.000	0	5.000
Comprehensive income:				
Net profit for the year	0	(2.153)	0	(2.153)
Other comprehensive income:				
Addition to reserve for development costs	0	(1.098)	1.098	0
Valuation adjustment for the year, cash flow hedges	0	0	0	0
Valuation adjustment reclassified to production, distribution and administrative costs	0	0	0	0
Valuation adjustment reclassified to financial items	0	0	0	0
Income tax effect	0	0	0	0
Other comprehensive income	<u>0</u>	<u>(1.098)</u>	<u>1.098</u>	<u>0</u>
Comprehensive income	0	(3.252)	1.098	(2.153)
Shareholders' equity at 31/12 2017	<u>3.401</u>	<u>(2.994)</u>	<u>2.452</u>	<u>2.860</u>

Cash flow statement

	2017 USD '000	2016 USD '000
Operating profit/loss	(1.005)	(2.568)
Amortisation/Depreciation	3.070	3.663
EBITDA	2.064	1.094
Change in inventory and receivables	1.758	1.729
Change in trade payables	144	(509)
Change in other current liabilities	(881)	(1.002)
Interest received	0	0
Interest paid	(51)	(116)
Income taxes paid	(25)	(34)
Cash flow from operating activities	3.009	1.163
Additions of intangible assets	(2.322)	(1.928)
Additions of property, plant and equipment	(343)	(317)
Disposals of property, plant and equipment	54	597
Acquisition of activities, net cash outflow	0	(3.000)
Cash flow from investing activities	(2.611)	(4.648)
Group Contribution	5.000	0
Change in receivables from group enterprises	898	(418)
Change in payables to group enterprises	(2.907)	(11.049)
Change in non-current liabilities	0	13.860
Cash flow from financing activities	2.991	2.393
Net cash flow for the year	3.390	(1.092)
Cash and cash equivalents at 1/1 2017	(2.804)	(1.712)
Net cash flow for the year	3.390	(1.092)
Cash and cash equivalents at 31/12 2017	586	(2.804)
Cash and cash equivalents at 31/12 2017		
Cash	586	304
Bank debt	0	(3.108)
	586	(2.804)
Unutilised portion of credit facilities including cash and cash equivalents	1.611	1.170

Notes

Note 1 Accounting Policies

The Annual Report has been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU with effect as of 1 January 2017 and additional disclosure requirements in the Danish Financial Statement Act for annual reports of large reporting class C enterprises.

The financial statements of the company are presented in US dollars, which is the company' functional and presentation currency.

New and amended standards and interpretations that have become operative:

In its Annual Report for 2017, the company has implemented all new IFRS standards, amendments to existing standards and IFRIC interpretations that have been adopted by the EU and are operative for financial statements covering periods beginning on or after 1 January 2017.

No standards and amendments to existing standards which are relevant to the company have affected the financial statements for 2017.

The following standards, amendments to existing standards and interpretations have been implemented but have no effect on the company's Annual Report:

- Amendments to IAS 7 Disclosure Initiative
- Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealized losses
- Annual Improvements to IFRSs 2014-16 Cycle

Accounting policies are unchanged compared to last year.

New and amended standards and interpretations that have not yet become operative:

The IASB has issued a number of new standards, amendments to existing standards which will become operative for financial statements covering periods beginning on or after 1 January 2017. New and amended standards are expected to be implemented by their effective dates. The Following standards, amendments to existing standards and interpretations are expected to affect Global Scanning Denmark A/S' future annual reports:

- IFRS 9 Financial instruments and amendments to IFRS 9, IFRS 7 and IAS 39
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases

The analysis of the expected effect of the implementation of the above standards has not yet been completed.

IFRS 15 "Revenue from Contracts with Customers", which replaces the existing revenue standards (IAS 11 and IAS 18) and interpretations, creates a new model for revenue recognition and measurement of revenue from contracts with customers. The standard becomes effective for annual periods beginning on or after 1 January 2018.

The new model is based on a five-step process which must be applied to all contracts with customers in order to identify when and how revenue is to be recognised in the income statement.

Notes

Note 1 Accounting Policies, continued

Compared to the current practice, the most significant changes in IFRS 15 are:

- Sales transactions must be recognised as revenue in the income statement when control (either at a single point in time or over time) of the goods or services is transferred to the customer (the current concept of "risk and rewards" is replaced by a concept of control).
- New and more detailed guidance on how to identify the components of a transaction in a contract and how to recognise and measure the individual components.
- New and more detailed guidance on the recognition of revenue over time.

Global Scanning Denmark A/S has performed an analysis of the potential impact of the new standard on the Company. Based on analyses of the Company's current product mix and types of contracts, it is Global Scanning Denmark A/S' assessment that the new standard will not affect the recognition and measurement of the Group's sales types which primarily consist of goods for resale and finished goods and there are no complex discount agreements, variable considerations or other elements that could result in significant reversals of revenue already recognized.

Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. The Company plans to adopt the new standard of 1 January 2018 using the modified retrospective method, which means that the cumulative impact, if any, of the adoption will be recognized in retained earnings as of 1 January 2018 and that comparative figures will not be restated.

Overall, based on the analyses performed; it is assessed that the implementation of IFRS 15 will have no significant effect on the Company's financial statements, as revenue recognition under IFRS 15 is already in line with the Group's current revenue recognition policies.

IFRS 9 Financial Instruments was issued in July 2014 and is effective for annual periods beginning 1 January 2018. Global Scanning Denmark has performed an assessment of IFRS 9, based on which Global Scanning Denmark expects no significant impact on recognition and measurement for the Company. The Company has no derivative financial instruments, but only traditional financial assets and liabilities which mainly relate to trade receivables on which only a few and immaterial losses have incurred in the past and trade payables and bond loans. The Company has not historically realized any significant losses on intra group receivables and the Group companies are in all material aspects able to settle the receivable as they fall due. The new standard also introduces expanded disclosure requirements and changes in presentation, which will be shown in the year of adoption. The Company will apply the new rules retrospectively from 1 January 2018.

IFRS 16 will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The standard will affect primarily the accounting for the Company's operating leases. As of 31 December 2017, The Company has non-cancellable operating lease commitments of USD 191 KUSD (see note 18).

The analysis of the expected effect of the implementation of the above standard has not yet been completed. The Company has minimal number of lease contracts, but these include leasing of premises and the Company therefore expects IFRS 16 to have some impact on its financial statements.

IFRS 16 is mandatory for financial years commencing on or after 1 January 2019. The Company does not intend to adopt the standard before the effective date.

In addition, the IASB has issued a number of new standards, amendments to existing standards and interpretations which are not relevant to the Group and which are therefore not expected to affect its future annual reports.

Consolidation

During 2008 a company has been acquired in the USA, which is not consolidated in the accounts because the group consolidation is done in the ultimate parent company Global Scanning A/S.

Only one consolidated financial report including all the other group enterprises is prepared, as the 'subsidiaries' are considered solely as representation offices or branches.

Notes

Note 1 Accounting Policies, continued

Currency translation

Transactions in foreign currency are translated into USD at the exchange rate at the date of the transaction.

Monetary items denominated in foreign currency are translated into USD at the exchange rates at the balance sheet date. Realized and unrealized exchange gains and losses are recognized in the income statement as financial income/expenses.

Derivative financial instruments

The Company enters into forward exchange contracts to hedge the future value of its cash flows. Upon initiation of contracts, the Company classifies each contract that qualifies for hedge accounting as a hedge for a specific hedged financial transaction or firm commitment.

On initial recognition, all forward exchange contracts are measured at cost and subsequently re-measured at their fair value at the balance sheet date. The value adjustments on forward contracts designated as hedges are taken directly to equity, given hedge effectiveness. The value adjustments on those forward contracts that do not meet the requirements of IAS 39 for hedge accounting are recognized directly in the income statement under financial income/expenses.

Revenue

Revenue is recognized to the extent that it is probable the economic benefits will flow to the company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and other sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognized:

Sales of goods

Revenue from the sale of goods is recognized when significant risk and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

Rendering of services

Revenue from service contracts is allocated over the service period.

Production costs

Production costs comprise the direct production costs and production overheads relation to revenue and direct costs and costs of labor for product development, which have not been capitalized according to IAS 38.

Distribution costs

Distribution costs comprise the expenses relation to distribution and sale of products, salaries to the sales staff, advertising and exhibition expenses etc.

Administrative expenses

Administrative expenses comprise expenses for the administrative staff and management including office expenses, salaries etc.

Other operating income

Other operating income comprises income of secondary nature in relation to the activities of the Company, including rental income, sale of scrap and gain on sale of fixed assets.

Notes

Note 1 Accounting policies, continued

Amortization/depreciation and write-downs

Depreciation and write-downs include depreciation and write-downs of intangible assets and property, plant and equipment.

Property, plant and equipment include land and building, plant and machinery, other fixture and fittings, tools and equipment and leasehold improvement.

Land is recorded at cost and is not depreciated.

Intangible assets include development costs, customer relations and patents.

Intangible assets and property, plant and equipment are amortized/depreciated on a straight-line basis on the basis of the cost, measured by reference to the following assessment of the useful life of the assets:

	Years
Development costs	3
Customer relations	3
License rights and patents	5-10
Buildings	30
Leasehold improvements	3
Plant and machinery	4-8
Other plant, operating equipment etc.	2-6

Net financials

Financial income and expenses are recognized in the income statement at the amounts that relate to the reporting period. Net financials include interest income and expenses, realized and unrealized capital and exchange gains and losses on foreign currency transactions and surcharges and allowances under the advance-payment -of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments less the share of the tax for the year that concerns changes in equity.

The parent company and all Danish group enterprises are jointly taxed. The Danish corporation tax charge is allocated between profit-making and loss-making Danish enterprises in proportion to their taxable income (full allocation).

Notes

Note 1 Accounting policies, continued

Intangible assets

Development projects

Development project that are clearly defined and identifiable and in respect of which the technological feasibility, sufficient resources and a potential future market or development potential in the enterprise can be demonstrated, and where the intention is to produce, market or use the product or the process, are recognized as intangible assets provided that it is sufficiently certain that the future earnings are adequate to cover the production, sales and administrative expenses and the aggregate development costs. Other development costs are expensed in the income statement as incurred.

Development costs are measured at direct costs.

An impairment test is made for acquired intangible assets if there are indications of decreases in value. The impairment test is made for each individual asset or group of assets, respectively. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

Impairment test is made at yearend for intangible assets that are not ready for use.

Customer relations and patents

Customer relations and patents are measured at cost less accumulated amortization and write-downs.

An impairment test is made for acquired intangible assets if there are indications of decreases in value. The impairment test is made for each individual asset or group of assets, respectively. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

Impairment test is made at yearend for intangible assets that are not ready for use.

Property, plant and equipment

Property, plant and equipment comprise land and buildings, production equipment, machinery and other fixtures, fittings, tools and equipment and leasehold improvements. Property, plant and equipment are measured at cost less accumulated depreciation and write-downs.

An impairment test is made for property, plant and equipment if there are indications of decreases in value. The impairment test is made for each individual asset or group of assets, respectively. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

Investments

The value of investments in subsidiaries is stated in the parent company's financial statement according to the cost method.

Investments are tested for impairment if there is any indication of decreases in value.

Notes

Note 1 Accounting policies, continued

Inventories

Inventories are measured at the lower cost (FIFO basis) and net realizable value.

Raw materials and consumables are measured at cost.

Work in progress and finished goods are measured at manufacturing cost, which includes the cost of materials and direct payroll costs plus production overheads.

Receivables

Trade receivables are measured at the lower of amortized cost, which essentially corresponds to the nominal account receivable, and net realizable value, calculated by reference to an assessment of each individual receivable.

Prepayments

Prepayments recognized under assets comprise prepaid expenses.

Shareholders' equity

Dividends proposed for the reporting period are presented as a separate item under Shareholders' equity. Purchase and sales amounts for treasury shares are recognized directly on equity.

Reserve for development costs comprises recognized development costs. The reserve cannot be used to distribute dividends or cover losses. The reserve will be reduced or dissolved if the recognized development costs are no longer part of the Company's operations.

Income taxes

Current tax charges are recognized in the balance sheet as the estimated tax charge in respect of the expected taxable income for the year, adjusted for tax on prior years' taxable income and tax paid in advance.

Provisions for deferred tax are calculated of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations for the taxable income.

Deferred tax assets are recognized at the value at which they are expected to be utilized, either through elimination against tax on future earnings or a set-off against deferred tax liabilities.

Liabilities

Financial liabilities are recognized at the inception of the loan at the proceeds received net of transaction costs incurred. Interest-bearing debt is subsequently measured at amortized cost, using the effective interest rate method at the time of the inception.

Other debt liabilities are measured at net realizable value.

Other financial obligations

The Company has entered into lease contracts for operation equipment for a period of several years. Lease payments are included in the income statement. Total lease commitments are stated under other financial obligations.

Notes**Note 1 Accounting policies, continued****Cash flow**

The cash flow statement shows the enterprise's net cash flows, the year's changes in cash and cash equivalents and the enterprise's cash and cash equivalents at the beginning and at the end of the year.

Cash flow from operation activities are presented using the indirect method and are made up as the net profit or loss for the year, adjusted for non-cash operating items, changes in working capital, paid financial and extraordinary expenses and paid income taxes.

Cash flow from investing activities comprises payments related to additions and disposals of fixed assets, securities related to investing activities.

Cash flow from financing activities comprises dividends paid to shareholders, capital increases and reductions and the raising of loans and repayments of interest-bearing debt.

Cash and cash equivalents comprise cash and near money securities in respect of which the rest of changes in value are insignificant.

Note 2 Significant accounting judgments, estimates and assumptions

In the process of applying the Company's accounting policies, management has made the following judgments and estimates, which have a significant effect on the amounts recognized in the financial statements.

Capitalized Development Costs

Development costs are capitalized based on ongoing assessments when they meet the criteria as described in note 1.

Capitalized Development Costs are annually reviewed for impairment indicators. If there is evidence of impairment, an impairment test is carried out for the project concerned. The impairment test is prepared on the basis of factors such as the future use of the project, the present value of expected future income, interest and risk.

Recognition of intangible and property, plant and equipment

The Company determines whether non-current assets are impaired at least once a year.

Note 3 Subsequent Events

No post balance sheet events have occurred in 2017 which could materially affect the assessment of the Group's financial position.

Notes

Note 4. Business combinations

In 2017 the company has not made any acquisitions.

On 27 June 2016, the company acquired assets and employees from Real Awesomesauce S.A. to explore opportunities within 3D file sharing and other collaboration services through the company's parent company Global Scanning A/S.

The acquisition includes "P3D.in", a proven cloud-based solution for sharing and editing of 3D files over the internet. Furthermore this acquisition supports the company's future 2D product strategy, but also extends our opportunities within the emerging 3D market, allowing the company to accelerate the development and launch of future 3D products.

Recognized on the date of acquisition	USD'000
Customer relations	1.250
Development costs	<u>1.750</u>
Fair value of net assets	<u>3.000</u>
Cash transactions on acquisition	
Cash paid	<u>3.000</u>
Net cash outflow	<u>3.000</u>

The cash for the acquisition has been obtained through a intercompany loan with the parent company Global Scanning A/S

No contingent consideration has been agreed.

Note 5. Expenses

5.1 Amortisation/depreciation and writedowns

Analysis of amortisation/depreciation and writedowns for the year:	2017 USD'000	2016 USD'000
Land and buildings	123	238
Leasehold improvements	14	5
Plant and machinery	5	22
Other plant, operating equipment etc.	273	343
Development costs	2.148	2.768
Customer relations	417	243
License rights and patents	<u>90</u>	<u>44</u>
	<u>3.070</u>	<u>3.663</u>

5.2 Staff costs

Analysis of total payroll costs, etc.:

Fee to the Board of Directors	0	0
Remuneration and salaries to the Executive Management	384	318
Defined contribution plans to the Executive Management	7	16
Remuneration and salaries to other key management personnel	452	556
Defined contribution plans to other key management personnel	17	40
Wages and salaries	3.867	5.907
Bonuses	83	550
Defined contribution plans	222	386
Other social security costs	<u>108</u>	<u>224</u>
	<u>5.140</u>	<u>7.996</u>

The average number of staff during the year was 42 employees (2016: 79 employees).

Notes

Note 5. Expenses, continued

	2017	2016
	USD '000	USD '000
5.3 Audit fee		
Fee for statutory audit	82	65
Fee for tax advice	10	10
Fee for non-audit services	3	6
	<u>95</u>	<u>81</u>

5.4 Research and development

Research and development expenses in 2017 amounted to USD 4.696 thousand (2016: USD 5.092 thousand) of which USD 2.162 thousand was capitalised. Net development expenses amount to USD 5.188 thousand (2016: USD 6.281 thousand).

Note 6. Other operating income

Sale of scrap	0	6
Profit from sale of property, plant and equipment	16	611
Rental income	0	41
	<u>16</u>	<u>658</u>

Note 7. Financial income

Foreign currency exchange gain	0	127
	<u>0</u>	<u>127</u>

Note 8. Financial expenses

Foreign currency exchange loss	873	0
Interest expenses	51	116
Interest expenses to group enterprises	887	832
Other	36	55
	<u>1.847</u>	<u>1.003</u>

Note 9. Income taxes

Tax in the Statement of income

Estimated tax on the taxable income for the year	0	0
Income tax, carry back refund	(737)	0
Adjustments prior years	0	(10)
Foreign tax	25	35
FX adjustment of opening amount	(1)	0
Change in deferred tax	13	(759)
	<u>(699)</u>	<u>(734)</u>

Tax in the Statement of other comprehensive income

Net adjustments of cash flow hedges	0	159
	<u>0</u>	<u>159</u>

Reconciliation of tax rate

Danish tax rate	22%	22%
Adjustment relating to previous years	0%	0%
Permanent differences	0%	-4%
Carry back refunded at 25% tax rate	0%	0%
Foreign currency exchange differences	2%	3%
Effective tax rate	<u>25%</u>	<u>21%</u>

Tax paid during the tax year amounts to USD 25 thousand exclusive of interest surcharges.

Provision for current tax on the profit for the year has been made at USD 0 thousand.

Notes

Note 10. Intangible assets

USD '000	Development costs	Customer relations	License rights and patents	Total
Cost at 1/1 2016	18.079	0	863	18.942
Disposal at cost	(2.895)	0	0	(2.895)
Additions from acquisition	1.750	1.250	0	3.000
Additions	1.866	0	62	1.928
Cost at 31/12 2016	18.799	1.250	925	20.975
Amortisation at 1/1 2016	12.990	0	13	13.003
Disposals	(2.895)	0	0	(2.895)
Amortisation	2.768	243	44	3.055
Amortisation at 31/12 2016	12.863	243	56	13.163
Carrying amount at 31/12 2016	5.936	1.007	869	7.812
Cost at 1/1 2017	18.799	1.250	925	20.974
Disposal at cost	(3)	0	0	(3)
Additions	2.222	0	100	2.322
Cost at 31/12 2017	21.018	1.250	1.025	23.293
Amortisation at 1/1 2017	12.863	243	56	13.162
Amortisation	2.146	417	90	2.652
Amortisation at 31/12 2017	15.009	660	146	15.814
Carrying amount at 31/12 2017	6.009	590	880	7.479

At December 31 2017 the balance of 6.009 KUSD regarding development costs contains 4 significant projects with a total value of 4.068 KUSD of which 1 project has not been released yet.

In 2017 the Company bought an intangible asset related to development costs. The purchase price for the asset consisted of a cash payment of 59 KUSD (50 KEUR) and an earn-out, based on unit-sales related to the development asset until year 2022, with a maximum value of 1.200 KUSD (1.000 KEUR). The addition has been recognized with a value corresponding to the cash payment of 59 KUSD.

Amortisation and writedowns of intangible assets are included in production costs.

In 2017 and 2016 there has not been any indication of need to make any impairment of intangible assets.

Notes

Note 11. Property, plant and equipment

USD '000	<u>Land and Buildings</u>	<u>Leasehold Improvements</u>	<u>Plant and Equipment</u>	<u>Other plant, operating equipment etc.</u>	<u>Total</u>
Cost at 1/1 2016	7.519	0	4.848	5.343	17.711
Disposal at cost	(3.707)	0	(4.813)	(2.486)	(11.005)
Additions	36	49	0	232	317
Cost at 31/12 2016	3.848	49	36	3.089	7.022
Depreciation and writedowns at 1/1 2016	4.772	0	4.783	4.795	14.350
Disposals	(2.880)	0	(4.775)	(2.480)	(10.135)
Depreciation	238	5	22	343	609
Depreciation and writedowns at 31/12 2016	2.130	5	31	2.658	4.824
Carrying amount at 31/12 2016	1.718	44	5	431	2.198
Cost at 1/1 2017	3.848	49	36	3.089	7.022
Disposal at cost	0	0	0	(69)	(69)
Additions	75	0	0	268	343
Cost at 31/12 2017	3.923	49	36	3.288	7.296
Depreciation and writedowns at 1/1 2017	2.130	5	31	2.658	4.823
Disposals	0	0	0	(15)	(15)
Depreciation	123	14	5	273	416
Depreciation and writedowns at 31/12 2017	2.253	19	36	2.916	5.224
Carrying amount at 31/12 2017	1.670	30	0	372	2.072

In 2017 and 2016 there has not been any indication of need to make any impairment of tangible assets.

Note 12. Investments

The fiscal year's investments in and value adjustments of securities and investment in subsidiaries, which are financial assets, are specified as follows:

USD '000	<u>Investment in subsidiary</u>
Cost at 1/1 2016	7.000
Additions	0
Cost at 31/12 2016	7.000
Impairment at 1/1 2016	(7.000)
Impairment during the year	0
Impairment at 31/12 2016	0
Carrying amount at 31/12 2016	0
Cost at 1/1 2017	7.000
Additions	0
Cost at 31/12 2017	7.000
Impairment at 1/1 2017	(7.000)
Impairment during the year	0
Impairment at 31/12 2017	0
Carrying amount at 31/12 2017	0

Notes

Note 13. Inventories

Movements in the provision for impairment of inventory were as follows:

Cost at 1/1 2016	-781
Adjustment	701
Cost at 31/12 2016	-80
Adjustment	-30
Cost at 31/12 2017	-110

This expense is included in production costs.

The book value of inventory provisioned for measured at net realisable cost at 31 December 2017 to USD 166 thousand (2016: USD 120 thousand).

Note 14. Trade receivables

Trade receivables are non-interest bearing and are generally on 30-60 days terms.

As at 31 December 2017, trade receivables at nominal value of USD 3 thousand (2016: USD 0 thousand) were impaired for.

Movements in the provision for impairment of receivables were as follows:

Cost at 1/1 2016	100
Charge for the year	0
Utilized	-100
Unused amounts reversed	0
Cost at 31/12 2016	0
Charge for the year	3
Utilized	0
Unused amounts reversed	0
Cost at 31/12 2017	3

All customers who wish to trade on credit terms are subject to credit verification procedures and insured through a credit insurance company.

Analysis of trade receivables that were past due but not impaired at 31 December 2017:

	Total	Neither past due nor impaired	Past due but not impaired	
			<60 days	>60 days
2016	2.469	2.043	329	97
2017	1.737	1.355	389	(7)

Note 15. Deferred tax

Analysis of deferred tax:

	2017	2016
	USD '000	USD '000
Property, plant and equipment	(120)	(83)
Intangible assets	1.367	1.433
Inventories	0	61
Prepaid Expenses	58	58
Tax loss carried forward	(555)	(731)
	750	737

Notes

Note 15. Deferred tax, continued

	Deferred tax	Income taxes receivable	Tax in income statement
Opening balance of 1 January 2016	1.336	306	
Income taxes received (paid)	0	0	
Foreign taxes received (paid)		(34)	
Calculated foreign tax	0	39	35
Estimated tax on the taxable income for the year	0	0	0
Change in deferred tax	(599)	0	(759)
Income tax, carry back refund		(301)	0
Adjustments prior years	0	0	(10)
FX adjustment of opening amount	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Opening balance of 1 January 2017	737	10	
Income taxes received (paid)	0	0	
Foreign taxes received (paid)		(25)	
Calculated foreign tax	0	14	25
Estimated tax on the taxable income for the year	0	0	0
Change in deferred tax	13	0	13
Income tax, carry back refund	0	0	(737)
Adjustments prior years	0	0	
FX adjustment of opening amount	0	0	(1)
	<u>0</u>	<u>0</u>	<u>(1)</u>
Closing balance as of 31 December 2017	<u>750</u>	<u>(1)</u>	<u>(699)</u>

Tax asset of USD 54 thousand regarding sale of property has not been included in the deferred tax calculation as it can only be used in future profit of sale of property which the company consider as unlikely in the foreseen future.

Note 16. Bank loans, Mortgage debt and other bank debt

The debt is due for repayment in the following order:

	2017 USD '000	2016 USD '000
Within 1 year	0	3.108
Between 1 and 5 years	0	0
After 5 years	0	0
	<u>0</u>	<u>3.108</u>

Note 17. Income taxes

Estimated income taxes	0	0
Receivable tax	(0)	(0)
Due in subsidiaries	1	(10)
	<u>1</u>	<u>(10)</u>

Notes

Note 18. Contingent liabilities, operating lease obligations and security for loans

The company's other off balance obligations mainly relate to operating leases for office premises and operating equipment.

	2017 USD'000	2016 USD'000
Within 1 year	101	99
Between 1 and 5 years	90	120
After 5 years	0	0
	<u>191</u>	<u>219</u>
Total expenditure charged to the Income statement	<u>120</u>	<u>132</u>

Pledged assets for loans

The owner's mortgage deed in the properties nominally USD 9.666 thousand (2016: USD 8.511 thousand) is pledged to banks in the Company and in Global Scanning A/S.

Carrying amount of assets	<u>1.670</u>	<u>1.718</u>
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The company has as per 31 December 2017 no bank debt to Nordea Bank Danmark A/S (2016: USD 3.108 thousand). The company has given Nordea Bank Danmark A/S a security in inventories and trade receivables for USD 1.610 thousand (DKK 10 million). The value of inventories and trade receivables as per 31 December 2017 is USD 3.471 thousand (2016: USD 4.313 thousand).

Contingent liabilities

In 2013, the company joined the joint taxation arrangement with the parent company Global Scanning A/S as management company and other Danish group entities, thus becoming jointly and severally liable with these entities for payment on income taxes and withholding tax in the group of jointly taxed entities.

Note 19. Foreign currency

Foreign currency risks

As a result of the operation in Denmark, the Company is exposed to a risk in cash flow from foreign currencies and in the balance sheet and can be affected by movements in the USD/DKK and USD/EUR foreign exchange rates. The foreign currency in the balance sheet have been specified below:

USD'000

Currency	Assets		Liabilities		Net	
	2017	2016	2017	2016	2017	2016
DKK Danish kroner	331	236	339	4.895	(8)	(4.659)
EUR Euros	343	367	39	13	304	354
Other currencies	94	43	11	2	83	41
	<u>768</u>	<u>646</u>	<u>389</u>	<u>4.910</u>	<u>379</u>	<u>(4.264)</u>

Impact on the results of operations and changes in shareholders' equity resulting from a change of the Company's primary foreign currencies are shown below. The changes in exchange rates are based on the year's actual foreign exchange rate movements:

Million USD	Exchange rate adjustment	Pre-tax profit	Equity	Pre-tax profit	Equity
		2017	2017	2016	2016
DKK Danish kroner	+/- 10%	0,0	0,0	-0,3	-0,3

Notes

Note 20. Financial assets and liabilities

	2017	2016
	USD'000	USD'000
Loans and receivables measured at amortized cost		
Trade accounts receivables	1.734	2.469
Receivable from group enterprises	3.192	4.090
Other receivables	0	912
Cash	586	304
Total loans and receivables measured at amortized cost	<u>5.512</u>	<u>7.775</u>

There are no significant differences between the carrying amounts and the fair values of the asset.

Payables to group enterprises	7.191	6.930
Bank debt	0	3.108
Trade payables	570	426
Payables to group enterprises	4.541	7.187
Total financial liabilities measured at amortized cost	<u>12.303</u>	<u>17.651</u>

Carrying amount and fair value of the company's financial instruments that are carried in the financial statements are not shown separately as book values in all material respect are the same.

Note 21. Share capital and reserves

Share capital USD 3.400.554 is distributed in 2.580.000 shares of denominations of USD 1,32. All shares are fully paid.

The share capital has remained USD 3.400.554 in the last 5 years.

Note 22. Financial risk - management objectives and policies

The Company's principal financial instruments comprise bank loans, overdraft and cash. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

Foreign currency risk is described in note 19 and cash flow risk is described in note 20.

The Company's financial aims are to ensure adequate funds to cover the Company's operations and to comply with the demands from the owners and agreed-upon terms of the loans.

Credit risk

The Company trades only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures and insured through a credit insurance company. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

Credit risk arising from the other financial assets of the Group, which primarily comprise cash and trade receivables, the Group's exposure arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The credit risks of the Company are considered to be low.

Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's bank loans with variable interest rates.

At December 31 2017 there is no bank debt (2016: 2.196 KUSD) which normally is use of bank overdrafts at a interest rate of 4,3%.

Liquidity risk

The company monitors its risk to a shortage of funds using a recurring liquidity planning tool. The company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, capital increases etc. The company's policy is to maintain a balanced relation between its short-term and long-term debt.

Notes

Note 22. Financial risk - management objectives and policies, continued

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

2016:	Less than 1 year	1-2 years	2-3 years	Total
Bank debt	3.108	0	0	3.108
Trade and other payables	2.029	0	0	2.029
Total	5.137	0	0	5.137
2017:				
Trade and other payables	1.812	0	0	1.812
Total	1.812	0	0	1.812

Capital risk management

The Company wants to secure structural and financial flexibility as well as competitiveness. In order to secure this, the company continuously evaluate the appropriate capital structure for the Company.

At the operational level, the Company continuously efforts to optimize capital tied up in working capital.

Note 23. Related party transactions

The Company is controlled by Global Scanning A/S, Denmark, which own 100% of the share capital.

The Company's balances with subsidiaries and parent at 31 December are recognised and presented separately in the balance sheet and related interest income is presented in note 8.

Related parties with material interest include the Board of Directors and Executive Board of the Company and key employees and their related family members. Furthermore related parties include companies in which the aforementioned persons have a material interest.

	2017 USD'000	2016 USD'000
Revenue		
Sales to Group enterprises	3.173	4.303
Costs		
Purchase from Group enterprises	7.365	2.450
Financial income and expenses		
Interest expenses to group enterprises	887	832
Executive Management		
Remuneration and salaries to the Executive Management	384	318
Defined contribution plans to the Executive Management	7	16
Board of Directors		
Board fee	0	0
Intercompany balances 31/12		
Receivables from Group enterprises	3.192	4.090
Payables to Group enterprises	11.732	14.117
Guarantees and security		
Guarantee from Group enterprises	9.066	10.041