CC Track Invest ApS

Lyngsø Alle 3
9600 Aars
CVR no. 25656806

Annual report 2017

The annual report was presented and approved at the Company's annual general meeting

on March 15 20 18

Per K M Andersen

chairman of the annual general meeting

Contents

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 CC Track Invest ApS for the financial year 1 January – 31 December 2017.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2017.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's activities and financial matters, of the results for the year and of the Group's and the Parent Company's financial position.

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

Aars, 20 February 2018
Executive Board:

Vilhelm
Hahn-Petersen
CEO

Board of Directors:

Jens Jørgen Hahn-Petersen Chairman	Vilhelm Hahn-Petersen	Peter Ryttergaard

Independent auditor's report

To the shareholders of CC Track Invest ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of CC Track Invest ApS for the financial year 1 January – 31 December 2017 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group as well as for the Parent Company and a cash flow statement for the Group. The consolidated financial statements and parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 consolidated financial statements and the parent company financial statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

Without qualifying our opinion, we refer to the description of uncertainty relating to the valuation of receivables set out in note 2.

Management's responsibility for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group's and the Parent 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 consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements and the parent company 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 a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these consolidated financial statements and parent company financial statements.

As part of an audit conducted in accordance with ISAs and the 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 consolidated financial statements and the parent company 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 Group's and the Parent Company's internal control.

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditor's report

- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company 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 Group's and the Parent 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 consolidated financial statements and the parent company 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 Group and the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Statement on the Management's review

Management is responsible for the Management's review.

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

In connection with our audit of the consolidated financial statements and the parent company 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 consolidated financial statements or the parent company 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.

Independent auditor's report

Based on the work we have performed, we conclude that the Management's review is in accordance with the consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aalborg, 20 February 2018
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Henrik O. Larsen State Authorised Public Accountant	Steffen S. Hansen State Authorised Public Accountant

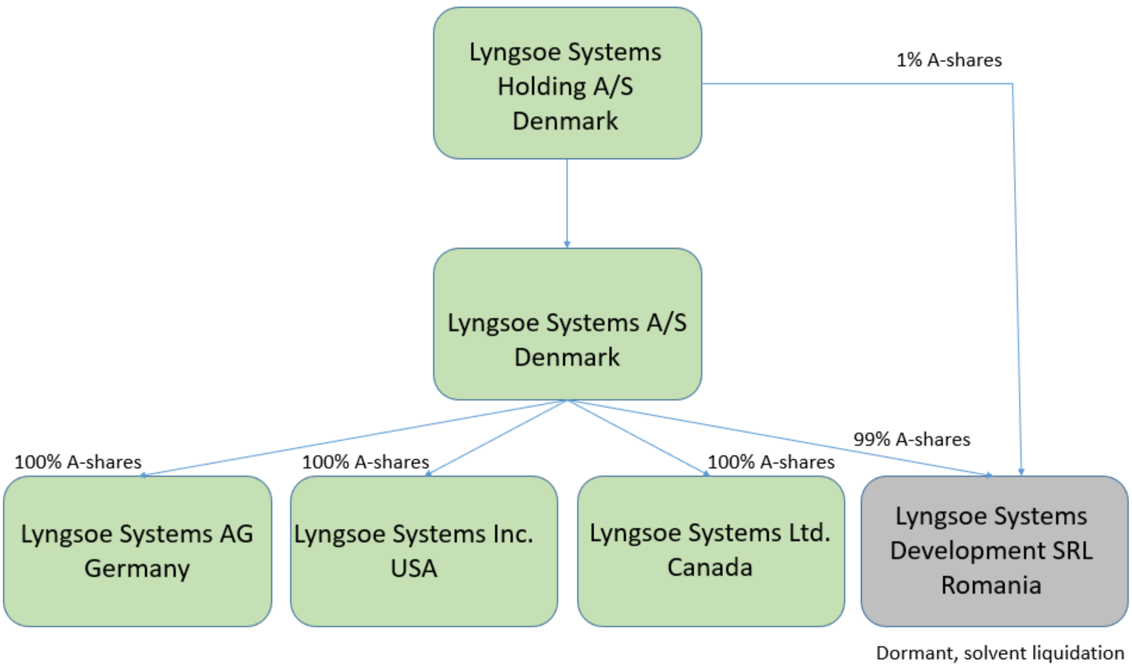
Management's review

Group chart

The Company was established by the private equity fund Catacap on 19 December 2013, and it is the majority shareholder (79.7%) of Lyngsoe Systems Holding A/S (previously CC Track Holding A/S), which acquired 100% of the shares in Lyngsoe Systems Group on 10 March 2014. Other shareholders of Lyngsoe Systems Holding A/S include a majority of the ceding company and the group management.

The private equity fund CataCap has dominant influence over the Company and the Group.

The Group's legal structure at 31 December 2017 is as follows:



Management's review

Financial highlights for the Group

DKK'000	2017	2016	2015
Revenue	260,102	286,674	259,603
Gross profit	154,993	157,302	145,121
EBITDA	25,123	25,232	15,338
EBITDA before special items*	27,964	28,255	23,021
Operating profit	14,135	14,633	4,483
Earnings before tax	9,699	12,724	5,059
Profit for the year	**5,588**	**8,670**	**3,775**
Fixed assets	120,089	118,242	122,013
Current assets	118,638	137,105	115,633
Total assets	**238,727**	**255,347**	**237,646**
Equity	**99,016**	**93,760**	**84,490**
Provisions	19,633	17,810	15,513
Non-current liabilities	13,197	17,982	18,777
Current liabilities	106,881	125,795	118,866
Net working capital	16,157	28,275	13,665
Net interest-bearing debt	26,797	48,329	49,109
Net cash flows	12,682	350	-1,739
Portion relating to investments in property, plant and equipment	8,936	1,017	445
Return on invested capital	22.0%	24.6%	9.2%
Solvency ratio	41.5%	36.7%	35.6%
Return on equity	5.8%	9.7%	4.6%
Average number of full-time employees	**198**	**189**	**189**

* EBITDA before special items is adjusted for one-off (non-recurring) items of an exceptional or extraordinary nature.

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". The financial ratios have been calculated as follows:

Return on invested capital $$\frac{\text{Operating profit x 100}}{\text{Average invested capital}}$$

Invested capital: Operational intangible assets and property, plant and equipment as well as net working capital

Return on equity $$\frac{\text{Profit from ordinary activities after tax x 100}}{\text{Average equity}}$$

Solvency ratio $$\frac{\text{Equity ex. non-controlling interests at year end x 100}}{\text{Total equity and liabilities at year end}}$$

Management's review

Operating review

Group Philosophy

Lyngsoe Systems has been a world leader in the field of cutting-edge electronic logistics control for more than 40 years and is leading within the Radio Frequency IDentification (RFID) technology. We are renowned for innovation, out-of-the-box thinking and the ability to put ideas into practice combining our capabilities with off the shelf components.

The Lyngsoe Systems value proposition is to offer best in class logistical solutions across the customer supply chain, offering real-time visibility, traceability and data capture to increase customer revenues, reduce OPEX and ensure quality throughout the value chain.

With a proven track record of more than 3,700 installations in 59 countries, the Lyngsoe Systems team can demonstrate extensive experience in customer logistics knowledge, solution design, software development, integration, service and maintenance. In addition, we offer complete project management and consultancy services in any local, regional or even global setting.

More information can be found on the Group's website at www.lyngsoesystems.com.

Main Activities of the Group

The Lyngsoe Systems Group focuses primarily on the following market segments:

- Postal & Logistics
- Library
- Airports & Airlines
- Healthcare
- Manufacturing and Supply Chain
- Customs & Shipping Solutions.

Postal & Logistics Solutions

Lyngsoe Postal & Logistics supports the world's postal services being successful in transforming their business to match current and future demands. We address the needed support and integration with e-tailers both domestic and cross border. We provide solutions for capacity management within Postal & Logistic businesses through efficient data capture on our Lyngsoe Live Logistic platform (Real Time Location System) and dedicated software applications utilizing this data enabling the postal operators to optimize their business.

We develop and maintain control systems for automatic registration, handling and sorting systems and other mechanical solutions.

Management's review

Operating review

Library Solutions

Lyngsoe Library improves patron service and library efficiency by automating material handling of libraries globally by means of sortation, advanced self-service and intelligent material management systems. By using Lyngsoe systems, heavy and/or time-consuming processes are automated enabling library staff to accomplish more patron-oriented tasks while improving the physical work environment at a reduced operating cost. From the largest institutional libraries to the smallest branches, Lyngsoe provides complete library automation solutions to meet the specific needs and requirements of the most modern way of operating today's libraries in a constantly changing educational and cultural environment.

Airports & Airlines Solutions

Lyngsoe's portfolio of RFID readers and the Lyngsoe Live Logistics platform allows Airlines and Airports to improve the baggage handling performance by enhancing visibility and traceability through the baggage flow from check-in to claim belt. This enables airports and airlines to achieve substantial cost savings by reducing manual and labour-intensive scanning as well as reduce turn-around time for flights at the gate. Just as important it enables airlines in cutting down the number of lost baggage items and hence increase traveller’s satisfaction

We develop and maintain control systems for automatic baggage handling and sorting systems and other mechanical solutions.

Healthcare Solutions

Lyngsoe's Healthcare solutions provides for RFID and IOT based real time tracking of items, being equipment such as beds and medical instruments as well as medicines and personnel. This enables hospitals to optimize logistics flows, reducing valuable time for the staff, increase utilization of resources and increase safety for patients.

Manufacturing and Supply Chain Solutions

Lyngsoe's Manufacturing and Supply Chain Solutions entails a broad variety of pallet, conveyor and sorter control systems, which allows customers and partners to take advantage of Lyngsoe's differentiating data capture technology. The solutions support mission-critical systems, reduces complexity, optimizes performance and reduces costs. In the food industry, we provide for full traceability of products including temperature monitoring.

Management's review

Operating review

Customs & Shipping Solutions

Lyngsoe's Customs & Shipping Solutions provides the ultimate in container seal management utilizing high security electronic seals. We support government authorities and private companies in allowing automatic border control detection of container tampering, as well as providing them with full tracking capabilities.

Group Structure

The Group is structured as a matrix organization, the business units constituting one dimension, and Marketing, Development/Delivery and Service, including Shared Services as a support function, constituting the other dimension.

Lyngsoe Systems Holding A/S owns 100% of Lyngsoe Systems A/S and 1% of Lyngsoe Systems development SRL. This latter company is located in Bucharest, Romania and became dormant during 2016. We are currently in the process of a solvent liquidation, which will be finalised during early 2018.

Lyngsoe Systems A/S is the intermediate parent company and is located in Aars, Denmark. It has all of the business units as well as the Marketing, Development/Delivery and Customer Service & Support and Shared Services (Finance, Business Services, IT etc.).

Lyngsoe Systems A/S has three active subsidiaries which are situated in Frederick, Maryland, USA; Toronto, Canada; and Hamburg, Germany.

The purpose of the company in the USA is to sell and support our solutions on the North American continent. The company has established all necessary functions: sales, project execution, service and support. The majority of the projects are delivered from Lyngsoe Systems A/S in Denmark.

The company in Canada works in the field of RFID-technology delivering high quality products, development and expertise. Besides that, the company supports our intensive marketing in the North American continent in cooperation with our subsidiary in the USA.

The company in Germany has as its main purpose to serve the German market for library systems.

Takeover of the Company by the Danish Private Equity Fund, CataCap

In March 2014, Lyngsoe Systems Holding A/S and all affiliated subsidiaries including Lyngsoe systems A/S were taken over by CC Track Holding A/S, now Lyngsoe Systems Holding A/S (Parent Company).

The Company is 79% owned by the Private Equity Fund, CataCap, whereas 14% is owned by a majority of the ceding company and 7% by the group management.

Management's review

Operating review

CataCap is a member of DVCA (Danish Venture Capital and Private Equity Association). The company and the Group behind it will strive to fulfil the guidelines issues by DVCA, even if at present the Group does not qualify as a large class C-company. More information about DVCA is found on http://dvca.dk.

Development in Activities and Finance during 2017

During 2017, the Company continued product development activities at a high level, see the section "Product Development", while at the same time continuing high focus on customers in our markets and improving efficient execution.

Consolidated revenue was DKK 260.1 million (2016: DKK 286.7 million). Completion of two major projects end of 2016 and early 2017 is the main explanation for lower revenue.

Gross profit was DKK 155.1 million (2016: DKK 157.5 million) being evidence of improved efficiency in operations. EBITDA before special items totalling DKK 2.8 million (2016: DKK 3.0 million) amounted to DKK 28.0 million (2016: DKK 28.3 million).

EBITDA became DKK 25.1 million (2016: DKK 25.2 million). Operating costs were under tight control. After depreciation and amortisation, consolidated operating profit was DKK 14.1 million (2016: DKK 14.6 million).

Financial items, net, became DKK -4.4 million, higher than 2016 (DKK -1.9 million), due to the decline in particularly in the exchange rate for the USD and the GBP.

The consolidated profit for the year was DKK 5.7 million (2016: DKK 8.8 million). 2017 was, taken as a whole, a satisfactory year for the Group.

Cash flows from operating activities amounted to DKK 33.1 million (2016: DKK 7.5 million) due to reduced level of activity and lower work-in-process and receivable on major projects.

The average number of FTE's during 2017 was 198 (2016: 189). The number of average FTE's employed in Denmark was 158 (2015: 152).

After investments totalling DKK 12.9 million (2016: DKK 6.8 million) and net repayment of loans by DKK 8.8 million (2016: DKK 0.9 million), total cash flows stood at DKK 12.6 million (2016: DKK 0.4 million).

As a result of the tight cash management, Net Interest Bearing Debt (NIBD) end of 2017 amounted to DKK 26.8 million, down from DKK 48.3 million at 31 December 2016.

Solvency ratio represented 41.5%, up from 36.7% at 31 December 2016.

Management's review

Operating review

Uncertainty regarding Measurement of Receivables

As of 31 December 2017, the Company has overdue receivables totalling net DKK 27 million related to a project completed in 2017. There is uncertainty related to the recoverability of the receivables, as the contract partner has not fulfilled its payment obligation, resulting in the Company taking legal action. The Company assesses that the recognised receivables are fairly measured and realisable. Further, the Company's lawyers support the assertion that the claim is well-founded, and the possibilities for recovery should be reasonably high.

Outlook

Due to the growth in selected markets and improvements in operations, Management expects an increase in results in 2018.

The outlook is based upon the continued implementation of the strategic initiatives which will continue to incur considerable costs for market, product and organizational development.

Product Development

The Group has increased product development during 2017 and has in particular developed common platforms to support customer segments across most market segments. Most of this development was completed late 2017 and 2018 efforts are planned at a lower level. These common platforms support and supplements the xProduct platform, which was brought to market in 2016.

Management's review

Operating review

Through the year, the Group has spent a significant amount on product and market development. Product development partly takes place in cooperation with our customers and partly on our own accord based on our strategy to create common, modular platforms in order to secure scale and flexibility. RTLS products are being introduced within in particular the Postal and Logistics segments in 2018 in order to support the growth of the company.

We continue to enlarge our base of concepts and products with high knowledge content.

Incurred costs for our own internal development are capitalized in the financial statements with due consideration to the expected future economic return on investment.

Corporate Social Responsibility

Lyngsoe Systems definition of corporate social sustainability is the creation of social, environmental, and economic value for both short- and long-term business success and responsible global development. In line with this definition, we aim to align our sustainability strategy with our corporate strategy.

This means that we are working to embed sustainability into our business practice, our solutions, our operations, and our social investment. Lyngsoe Systems believes that by conducting sustainable and social responsible business, we can benefit partners, employees, shareholder and society.

In short, we are working to embed sustainability into all our business.

The Group has drawn up a corporate social responsibility policy. The CSR can be found on https://www.unglobalcompact.org/system/attachments/cop_2017/415491/original/FINAL_-_LS_COP_2016-2017.pdf?1504512972

We are working with the 17 Sustainable Development Goals (SDG) and the Ten Principles of the United Nations Global Compact are the drivers of Lyngsoe Systems CSR policy.

Employees

The Lyngsoe Systems Group is distinctly a knowledge-based company. We have succeeded in the continued development and growth by attracting and retaining competent and highly educated talents, including engineers with experience in developing advanced software solutions.

Management's review

Operating review

We continuously allocate considerable resources for process improvements aiming at increasing quality and efficiency. We invest considerable amounts in methods, processes as well as education and up-skilling of our employees. Thus, it is one of the goals of the Group to be and remain an attractive employer. During 2017, we conducted the third Employee Satisfaction Survey and were pleased to see improvement over the 2016 results in most areas. Nevertheless, areas for improvement remain and are being addressed with specific initiatives.

We recognize that our employees have made a great effort and acted with flexibility when required and this underlines the strength of the working environment. We remain thankful for this.

Human and Labor Rights

The Group recognizes the international human and labor rights such as the right to education and the freedom of speech and secures that no discrimination based on race, religion or political opinion takes place. Management is not aware of any violation of the policy during 2017.

Environment

The Group recognises the need for maintaining a sustainable environment and is committed to obey and follow local environment laws and regulations of the countries in which we operate. Management is not aware of any violation of the environment laws and regulations during 2017.

Anti-corruption

The Group recognizes the need to secure that we act according to high ethical standards and clearly forbid the participation in any kind of bribery or facility payments – both directly and indirectly. Furthermore, we provide guidance to employees on how to react if and when offered extraordinary gifts. Management is not aware of any violation of the anti-corruption policy during 2017.

Security

In addition to the Sustainable Development Goals, Lyngsoe Systems has a great focus on IT safety and security, which is part of being socially responsible when delivering IT based solutions for logistic improvements.

Because of the 2018 EU regulation, IT security is very much at a focus, and with more than 30 years in the global market, it is important for us to work proactively with the security within our solutions.

Management's review

Operating review

Corporate Governance

Our Board and executive management constantly monitor the management structure and control systems of the Company and the Group to secure that they are appropriate and well-functioning.

The tasks of the management are based on the Danish Companies Act (selskabsloven), the Danish Financial Statements Act (årsregnskabsloven), the articles of association and the rules of procedure of the Board including guidelines for executive management. Further, the Group and the Company are, due to their status as a company partly owned by a Private Equity Fund, also subject to DVCA's code for responsible ownership and good corporate management. Based on this, a set of internal procedures have been developed and are continuously updated in order to secure active, safe and profitable governance.

The Group is owned 79% by the private equity fund, CataCap, whereas 14% is owned by a majority of the ceding company and 7% by the group management. As majority shareholder, CataCap has dominant influence on the Company and the Group.

Particular Risks

The Company, Board and executive management have a continuing dialogue about important circumstances in the Company and the Group, one element being risks with a potentially large influence on the Company. In the following, we state the important and identified risks that are being discussed and the corresponding mitigating measures initiated in the various areas.

Market Risk

The most important business related risk for the Company and the Group is still the ability to consistently and continuously deliver good service and produce high quality at competitive prices in the served markets. Partnerships are an integral part in accessing our customers and markets, and we strive to nurture these relations. Our high-end technologically capabilities provides assurance for our competitiveness, and we continuously monitor new technologies to maintain a state-of-the art value offering for our customers,

Product Risk

The Company continues to produce to order in the field of customized, high technology logistics solutions, however, the XProduct platform marketed in 2016 and other “off the shelf” standard products such as standard Library equipment and hardware gained a higher share of sales in 2017. Significant efforts are made to ensure that products brought to market meet customer expectations and requirements. We remain committed to develop more module-based solutions to be offered to a wider audience regarding both customers and markets.

Management's review

Operating review

Credit Risk

The Company's credit risks relate to trade receivables included in the balance sheet. The Company has a majority of large private entities and customers with a public background and as such the risk is deemed small. Currently, the Company has one large customer who is being monitored carefully by Management as the parties late 2017 became involved in a legal suit. The dispute is further described in note 2 to the financial statements, to which reference is made.

The Company’s credit risk policy involves assessing creditworthiness of all major customers and business partners. This is done on a regular basis.

IT Risk

We offer customers hosting and monitoring services and accordingly, high levels of IT security are paramount and we continuously ensure policies and practises provides assurance for this. The Company has established a Security Board to oversee that standards are maintained to reduce IT risks to an acceptable level. Additionally, the Company has taken out relevant insurance to mitigate the impact of hacking, etc.

Sourcing Risk

The Company sources hardware from different suppliers, and we are continuously screening the market for alternative suppliers in order to secure independence and competitive purchasing prices. During 2017, several tenders within selected procurement areas were conducted providing savings, while at the same time maintaining a strong supplier base.

Financial Risk

The Board and the executive management regularly evaluate whether the capital structure of the Company and the Group is in accordance with our overall targets and supports long term sustainable economic growth.

The Company is financed through its own capital with a solvency of over 30% at group level, as well as mortgage loans, 5-year acquisition loan (to be fully repaid during H1 2018), overdraft facility, supplier credit, etc. Duration and interest risk are evaluated as appropriate for the Company and the Group. At the balance sheet date, consolidated net interest-bearing debt was DKK 26.8 million (2016: DKK 48.3 million), which is deemed to be an appropriate level in relation to the total balance (capital structure).

Foreign exchange and credit risks relating to commercial activities are either hedged or considered to be at an appropriately low level. Speculative foreign exchange positions are not concluded. The Company's activities are primarily carried out in the USA where currency risks are partly matched by sourcing hardware denominated in USD and in Europe where foreign exchange risks are evaluated at a low level.

Management's review

Operating review

Events after the Balance Sheet Date

No events have occurred after the balance sheet date to this date that would influence the assessment and evaluation of this annual report in any substantial way.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Income statement

		Group		Parent Company	
DKK'000	Note	2017	2016	2017	2016
Revenue		260,102	286,674	0	0
Direct costs		-72,003	-94,681	0	0
External costs		-33,106	-34,691	-102	-170
Gross profit/loss		154,993	157,302	-102	-170
Staff costs	3	-129,870	-132,070	0	0
Amortisation of intangible assets		-9,133	-8,860	0	0
Depreciation of property, plant and equipment		-1,855	-1,709	0	0
Operating profit/loss		14,135	14,663	-102	-170
Financial income		298	81	0	0
Financial expenses		-4,734	-2,020	0	0
Profit/loss before tax		9,699	12,724	-102	-170
Tax on profit/loss for the year	4	-4,111	-4,054	23	17
Profit/loss for the year	5	5,588	8,670	-79	-153

		2017	2016
Attributable to:			
Non-controlling interests		1,491	2,321
Shareholders in CC Track Invest ApS		4,097	6,349
		5,588	8,670

Consolidated financial statements and parent company financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	Group 2017	Group 2016	Parent Company 2017	Parent Company 2016
ASSETS					
Fixed assets					
Intangible assets	6				
Goodwill		74,595	79,189	0	0
Development projects		25,135	17,849	0	0
		99,730	97,038	0	0
Property, plant and equipment	7				
Land and buildings		17,763	18,609	0	0
Fixtures and fittings, tools and equipment		2,596	2,595	0	0
		20,359	21,204	0	0
Investments					
Investments in subsidiaries	8	0	0	65,242	58,076
		0	0	65,242	58,076
Total fixed assets		120,089	118,242	65,242	58,076
Current assets					
Inventories					
Raw materials and consumables		6,457	5,156	0	0
		6,457	5,156	0	0
Receivables					
Trade receivables		84,568	79,796	0	0
Contract work in progress	9	15,310	41,085	0	0
Other receivables		1,774	2,489	0	0
Receivable from group entity		0	0	218	0
Tax receivable		554	1,708	0	0
Tax assets	10	3,527	3,434	75	52
		105,733	128,512	293	52
Cash at bank and in hand		6,448	3,437	995	396
Total current assets		118,638	137,105	1,288	448
TOTAL ASSETS		238,727	255,347	66,530	58,524

Consolidated financial statements and parent company financial statements 1 January – 31 December

Balance sheet

		Group		Parent Company	
DKK'000	Note	2017	2016	2017	2016
EQUITY AND LIABILITIES					
Equity					
Share capital	11	11,800	11,800	11,800	11,800
Retained earnings		67,346	57,326	54,578	46,257
		79,146	69,126	66,378	58,057
Non-controlling interests		19,870	24,634	-	-
Total equity		99,016	93,760	66,378	58,057
Provisions					
Provisions for deferred tax		13,512	9,967	0	0
Warranty provisions		6,121	7,843	0	0
Total provisions		19,633	17,810	0	0
Liabilities other than provisions					
Non-current liabilities other than provisions	12				
Mortgage credit institutions		12,944	13,768	0	0
Loan, credit institutions		0	4,000	0	0
Lease commitments		253	214	0	0
		13,197	17,982	0	0
Current liabilities other than provisions					
Current portion of non-current liabilities	12	5,029	9,046	0	0
Bank loans and overdrafts		15,019	24,342	0	0
Prepayments received from customers		22,575	32,039	0	0
Trade payables		18,171	18,555	0	0
Payables to group entity		0	300	85	300
Tax payable		992	1,041	0	0
Other payables		28,023	28,626	67	167
Deferred income	13	17,072	11,846	0	0
		106,881	125,795	152	467
Total liabilities other than provisions		120,078	143,777	152	467
TOTAL EQUITY AND LIABILITIES		238,727	255,347	66,530	58,524

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Statement of changes in equity

DKK'000	Parent Company		
	Share capital	Retained earnings	Total equity
Equity at 1 January 2017	11,800	46,257	58,057
Transferred over the profit appropriation/distribution of loss	0	-79	-79
Share capital increase	0	8,400	8,409
Equity at 31 December 2017	11,800	54,578	66,378

DKK'000	Consolidated					
	Share capital	Reserve for develop-ment costs	Retained earnings	Total	Non-control-ling interests	Total equity
Equity at 1 January 2017	11,800	0	57,326	69,126	24,634	93,760
Share capital increase	0	0	8,400	8,400	0	8,400
Acquisition of non-controlling interests	0	0	-1,322	-1,322	-5,843	-7.165
Transferred over the profit appropriation/ distribution of loss	0	0	4,097	4,097	1,491	5,588
Exchange rate adjustment, foreign subsidiaries	0	0	-1,155	-1,155	-412	-1,567
Equity at 31 December 2017	11,800	0	67,346	79,146	19,870	99,016

Consolidated financial statements and parent company financial statements 1 January – 31 December

Cash flow statement

		Group	
DKK'000	Note	2017	2016
Profit for the year		5,588	8,670
Amortisation and depreciation		10,987	10,569
Financial income and expenses, net		4,436	1,939
Tax on profit for the year		4,111	4,054
Cash generated from operations before changes in working capital		25,122	25,232
Changes in working capital	14	13,169	-14,609
Cash generated from operations		38,291	10,623
Interest income		298	81
Interest expense		-4,315	-2,020
Corporation tax paid		-1,186	-1,149
Cash flows from operating activities		33,088	7,535
Capitalisation of development costs		-11,825	-5,863
Acquisition of property, plant and equipment		-1,711	-1,017
Disposals of property, plant and equipment		700	70
Cash flows from investing activities		-12,896	-6,810
Repayment of mortgage debt		-841	-866
Repayment of long-term debt		-8,000	0
New leasing liability		327	376
Repayment of lease liabilities		-314	-187
Capital increase		8,400	302
Acquisition of non-controlling interests		-7,165	0
Cash flows from financing activities		-7,593	-375
Cash flows for the year		12,599	350
Exchange rate adjustment		-265	0
Cash and cash equivalents at the beginning of the year		-20,905	-21,255
Cash and cash equivalents at year end		-8.571	-20,905

Consolidated financial statements and parent company financial statements 1 January – 31 December

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1 Accounting policies

The annual report of CC Track Invest ApS for 2017 has been presented in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Consolidated financial statements

The consolidated financial statements comprise the Parent Company, CC Track Invest ApS, and subsidiaries in which CC Track Invest ApS directly or indirectly holds more than 50% of the votes or in some other way exercises control. Entities in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are considered associates. A group chart is included on page 7.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends and realised and unrealised gains and losses on intra-group transactions are eliminated.

Equity investments in subsidiaries are set off against the proportionate share of subsidiaries' fair value of net assets and liabilities at the date of acquisition.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

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

Certain financial assets and liabilities are measured at amortised cost implying the recognition of a constant effective interest rate to maturity. Amortised cost is calculated as initial cost minus any principal repayments and plus or minus the cumulative amortisation of any difference between cost and nominal amount.

When assets and liabilities are recognised and measured, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Foreign currency translation

At 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.

Fixed assets settled in foreign currencies are translated at the exchange rates at the transaction date.

All the Company's foreign subsidiaries are integral entities whose income statements are translated into Danish kroner at the average exchanges rate for the year and whose balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates ruling at the balance sheet date are recognised directly in equity.

Income statement

Revenue

Contract work in progress with a high degree of customisation are recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (the percentage-of-completion method). When the selling price of a construction contract cannot be measured reliably, revenue is recognised to the extent costs incurred are deemed recoverable.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Operating costs

Operating costs are comprised by costs related to distribution, sales, advertising, administration, lease expenses, loss on debtors etc.

Staff costs

Staff costs comprise salaries and wages, including holiday allowance, pension and other social security costs, etc. to the Company's employees.

Profit/loss from investments in subsidiaries

The proportionate share of the results of the individual subsidiaries is recognised in the income statement of the parent company after full elimination of intra-group profits/losses.

Dividends from equity investments in group entities and associates measured at cost are recognised as income in the income statement in the financial year when the dividends are declared.

In case of indication of impairment, an impairment test is conducted. Indication of impairment exists if distributed dividend exceeds profit for the year or if the carrying amount of equity investments exceeds the consolidated carrying amounts of the net assets in the subsidiary.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, currency adjustments, and amortisation of financial assets.

Tax on profit/loss for the year

The Company is jointly taxed with its parent company. Current Danish tax is allocated between the jointly taxed Danish companies in proportion to their taxable incomes (full absorption).

The jointly taxed companies are taxed under the on-account tax scheme.

Tax for the year comprises current tax and changes in deferred tax for the year. 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. The recognised tax expense relating to the extraordinary profit/loss for the year is allocated to this item, whereas the remaining tax expense is allocated to profit/loss for the year from ordinary activities.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Balance sheet

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience within the individual business areas. Goodwill is amortised over 20 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. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Development costs

Costs of development at the Company's own expense are capitalised if the projects are clearly defined and identifiable, where the technical utilisation degree and a potential future market or development potential in the Company are evidenced. It is also required that the Company intends to produce, market or use the outcome of the project.

The cost of such projects includes direct wages and a share of the Company's indirect costs.

Capitalised development costs are amortised upon completion of the development work on a straight-line basis over the estimated useful lives. The amortisation period represents 3-5 years.

Development costs incurred in connection with specific customer projects are expensed in the financial statements.

Gains and losses on the disposal of development costs are determined as the difference between the sales price less disposal costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as amortisation.

Property, plant and equipment

Land and buildings, plant and machinery fixtures and fittings, other plant and equipment are measured at cost, added net revaluations and less accumulated depreciation and impairment losses. The basis of depreciation is cost, added net revaluations and less any expected residual value after the end of the useful life. Land is not depreciated.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub suppliers, and wages and salaries.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Buildings	30 years
Fixtures and fittings, other plant and equipment	3-5 years
IT equipment and software	3 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Land is not depreciated.

Investments not exceeding DKK 13 thousand are recognised as an expense in the year of acquisition.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the sales price less disposal costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as depreciation.

Leases

On initial recognition, leases for fixed assets that transfer substantially all risks and rewards incident to ownership to the Company (finance leases) are recognised in the balance sheet at the lower of fair value and the net present value of future lease payments.

When the net present value is calculated, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other fixed assets.

The capitalised lease obligation is recognised in the balance sheet as a liability at amortised cost, allowing the interest element of the lease payment to be recognised in the income statement over the term of the lease.

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Notes

1 Accounting policies (continued)

Investments

Balance sheet

Investments in group entities are measured at cost. In case of indication of impairment, an impairment test is conducted. When the cost exceeds the recoverable amount, write-down is made to this lower value.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in forecast sales price.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a receivable portfolio has been impaired. If there is an objective indication that an individual receivable has been impaired, a write-down is made based on an individual assessment.

Contracts work in progress

Contract work in progress are measured at the selling price of the work performed less progress billings and anticipated losses. Contract work in progress entail a significant degree of design customisation of produced goods. Moreover, before the work is commenced, a binding agreement must have been entered into to the effect that penalties covering at least costs incurred will be enforced if the contract is subsequently terminated.

Contract work in progress also comprise standard components manufactured covered by the contracts entered into.

Consolidated financial statements and parent company financial statements 1 January – 31 December

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1 Accounting policies (continued)

The selling price is measured by reference to the percentage of completion at the end of the reporting period and total expected income from the contract. The percentage of completion is determined on the basis of an assessment of the work performed, which is usually measured as the proportion of contract costs incurred for work performed to date relative to the total estimated contract costs.

When it is probable that the total contract costs will exceed the total contract revenue, the anticipated loss on the contract is recognised as an expense and a provision immediately.

When income and expenses on a construction contract cannot be estimated reliably, the selling price is measured corresponding only to costs incurred to the extent that it is probable that they will be recovered.

Where the selling price of work performed exceeds progress billings on contract work in progress and anticipated losses, the excess is recognised under receivables. If progress billings and anticipated losses exceed the selling price of a construction contract, the deficit is recognised under liabilities.

Prepayments from customers are recognised under liabilities.

Selling costs and costs incurred in securing contracts are recognised in the income statement when incurred.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Equity

Net revaluation of investments in subsidiaries is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve may be eliminated in case of losses, realisation of investments or a change in accounting estimates.

Transactions with treasury shares are recognised directly in the distributable reserves of equity. An amount corresponding to the cost of treasury shares is deducted from distributable reserves. The selling price on the disposal of treasury shares is added to distributable reserves.

Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item in equity.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Reserve for development costs

The reserve for development costs comprises capitalised development costs. The reserve cannot be used for dividend, distribution or to cover losses. If the recognised development costs are sold or in other ways excluded from the Company's operations, the reserve will be dissolved and transferred directly to the distributable reserves under equity. If the recognised development costs are written down, the part of the reserve corresponding to the write-down of the developments costs will be reversed. If a write-down of development costs is subsequently reversed, the reserve will be re-established.

The reserve is reduced by amortisation of capitalised development costs on an ongoing basis.

Revaluation reserve

Going forward, the revaluation reserve under section 41 of the Danish Financial Statements Act to which fair value adjustments of property, plant and equipment and intangible assets are tied will be reduced by depreciation and amortisation. Previously, depreciation and amortisation were deducted from the Company's distributable reserves.

Corporation tax and deferred tax

Current tax payable and receivable is recognised on 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.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured on the basis of the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carry forwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a setoff against deferred tax liabilities in the same legal tax entity.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.

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Notes

1 Accounting policies (continued)

Warranty provisions

Provisions comprise anticipated costs related to warranties, losses on work in progress, etc. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

Warranties comprise obligations to make good any defects within the warranty period of 1-3 years. Provisions for warranties are measured and recognised on the basis of past experience.

If it is likely that total costs will exceed total income from contract work in progress, a provision is made for the total loss anticipated on the contract. The provision is recognised as costs in the income statement.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income comprises payments received concerning income in subsequent years.

Cash flow statement

The cash flow statement shows the Company's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities, intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in size or composition of the Company's share capital and costs in this respect as well as raising of loans, instalments on interest-bearing debt and distribution of dividend to owners.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

2 Uncertainty regarding measurement of receivables

As of 31 December 2017, the Company has overdue receivables totalling net DKK 27 million related to a project completed in 2017. There is uncertainty related to the recoverability of the receivables, as the contract partner has not fulfilled its payment obligation, resulting in the Company taking legal action. The Company assesses that the recognised receivables are fairly measured and realisable. Further, the Company's lawyers support the assertion that the claim is well-founded, and the possibilities for recovery should be reasonably high.

3 Staff costs (consolidated)

DKK'000	2017	2016
Wages and salaries	112,629	112,898
Pensions	11,763	12,720
Other social security costs	5,478	6,452
	129,870	132,070
Average number of employees	198	189

Remuneration of the parent company's Executive Board and Board of Directors is included in staff costs of Lyngsoe Systems A/S. The remuneration totals DKK 2,955 thousand (2016: DKK 2,783 thousand).

4 Tax on profit/loss for the year

DKK'000	Consolidated 2017	Consolidated 2016	Parent Company 2017	Parent Company 2016
Current tax for the year	1,356	3,237	0	0
Deferred tax adjustment for the year	2,755	817	-23	-17
	4,111	4,054	-23	-17

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5 Proposed profit appropriation/distribution of loss

	Parent Company	
DKK'000	2017	2016
Retained earnings	-79	-153
	-79	-153

6 Intangible assets

	Group			
DKK'000	Goodwill	Finalised develop-ment projects	Develop-ment projects in progress	Total
Cost at 1 January 2017	91,877	23,238	3,080	118,195
Additions	0	2,349	9,476	11,825
Transferred	0	3,364	-3,364	0
Divested	0	-935	0	-935
Cost at 31 December 2017	91,877	28,016	9,192	129,085
Amortisation and impairment losses at 1 January 2017	12,688	8,469	0	21,167
Amortisation	4,594	4,413	0	9,007
Reversed amortizations	0	-809	0	-809
Amortisation and impairment losses at 31 December 2017	17,282	12,073	0	29,365
Carrying amount at 31 December 2017	74,595	15,943	9,192	99,730

Goodwill

Prepared impairment test of goodwill showed no indication of impairment at 31 December 2017.

Development projects

Completed development projects and development projects in progress mainly relate to development of hardware for Library Solutions and development of software for Postal & Logistics solutions and Data Capture Solutions. The projects are amortised over 5 years. The projects in progress are expected to be completed within 1–2 years and to bring about considerable economic benefits.

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7 Property, plant and equipment

	Group		
DKK'000	Land and buildings	Plant and machinery	Total
Cost at 1 January 2017	22,000	4,400	26,400
Additions	647	1,124	1,771
Disposals	-288	0	-288
Cost at 31 December 2017	22,359	5,524	27,883
Depreciation at 1 January 2017	3,391	1,805	5,196
Depreciation	1,205	1,123	2,328
Depreciation on disposals	0	0	0
Depreciation at 31 December 2017	4,596	2,928	7,524
Carrying amount at 31 December 2017	17,763	2,596	20,359
Assets held under finance leases	-	596	596

8 Investments in subsidiaries

	Parent Company	
DKK'000	2017	2016
Carrying amount at 1 January	58,076	58,076
Addition	7,166	0
Carrying amount at 31 December	65,242	58,076

Prepared impairment test of carrying amount showed no indication of impairment at 31 December 2017.

Name and registered office	Owner-ship	Equity	Profit/loss for the year
DKK'000			
Lyngsoe Systems Holding A/S, Denmark	79%	77,898	-482

Prepared impairment test of carrying amount showed no indication of impairment at 31 December 2017.

Consolidated financial statements and parent company financial statements 1 January – 31 December

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9 Contract work in progress (consolidated)

DKK'000	2017	2016
Sales value of work performed	126,389	103,098
Progress billings	-133,654	-94,052
	-7,265	9,046

Recognised as follows:

Contract work in progress (assets)	15,310	41,085
Contract work in progress (liabilities)	-22,575	-32,039
	-7,265	9,046

10 Deferred tax

Deferred tax assets mainly concern refund of amounts carried forward concerning development costs. Based on expected utilisation, the tax asset has been written down by DKK 6.1 million.

Deferred tax liabilities concern deferred tax regarding net revaluation of buildings, contract work in progress, property, plant and equipment, provisions, prepayments, deferred income and tax loss carryforwards.

11 Share capital

Changes in share capital are specified as follows:

DKK	2017	2016
Opening balance	11,800,200	11,800,200
Increase during the year	100	0
	11,800,300	11,800,200

The share capital is specified as follows:

Nom. A shares	11,800,100	11,800,000
Nom. B shares	100	100
Nom. C shares	100	100
	11,800,300	11,800,200

Consolidated financial statements and parent company financial statements 1 January – 31 December

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12 Liabilities other than provisions

Parent Company

DKK'000	Total debt at 31/12 2017	Repayment initial year	Outstand-ing debt after 5 years
Other credit institutions	0	0	0
	0	0	0

Consolidated

DKK'000	Total debt at 31/12 2017	Repayment initial year	Outstand-ing debt after 5 years
Mortgage debt	13,744	799	12,944
Other credit institutions	4,000	4,000	0
Leasing debt	483	230	0
	18,227	5,029	12,944

13 Deferred income

Deferred income of DKK 17,071 thousand (2016: DKK 11,846 thousand) comprise payments received from customers that cannot be recognised until the subsequent financial year.

14 Change in working capital (consolidated)

DKK'000	2017	2016
Change in inventories	-1,301	-109
Change in receivables	-4,360	-15,001
Change in work in progress	25,775	-7,519
Change in prepayments received	-9,464	1,476
Change in trade and other payables	4,241	6,558
Change in warranty provision	-1,722	-14
	13,169	-14,609

Consolidated financial statements and parent company financial statements 1 January – 31 December

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15 Contractual obligations, contingencies, etc.

Parent Company

A deed registered to the bank secured on shares in Lyngsoe Systems A/S and Lyngsoe Systems Holding A/S has been registered as collateral for all balances with Nordea Bank owed by the Group.

The Company has provided collateral on behalf of Lyngsoe Systems A/S for all debt to Nordea Bank.

The Company has provided a negative pledge as collateral for all amounts owed to Nordea Bank by the Group.

The Company is jointly taxed with other Danish companies in the Group. As a jointly taxed company, the Company has joint unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties within the joint taxation unit. Any subsequent corrections of income subject to joint taxation or withholding taxes could result in an increased liability for the Company.

Consolidated

Land and buildings with a carrying amount of DKK 17,763 thousand at 31 December 2017 have been provided as collateral for amounts owed to mortgage institutions of DKK 13,744 thousand.

A mortgage deed registered to the mortgagor of DKK 8,000 thousand secured on land and buildings has been registered as collateral for balances with Nordea Bank. The mortgage deed registered to the mortgagor is subordinated to mortgage debt.

A deed registered to the bank of DKK 25,000 thousand secured on pledged assets has been registered as collateral for balances with Nordea Bank. At 31 December 2017. Pledged assets totalled DKK 97,794 thousand.

The Company has provided payment and performance guarantees totalling DKK 10,277 thousand (2016: DKK 10,464 thousand) via its bank and other partners. The Company has provided a joint and several guarantee at an amount of DKK 8,000 thousand for all amounts owed related to guarantees.

The Group is a party to a few minor disputes. Management is of the opinion that these cases will not affect the Company's financial position at 31 December 2017.

The Company has entered into leases totalling DKK 417 thousand which all fall due within the initial year.

Consolidated financial statements and parent company financial statements 1 January – 31 December

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16 Related party disclosures

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

CATACAP I K/S, Phillip Heymans Allé 7, 2900 Hellerup.

Related party transactions

The Company has no transactions that are not carried out on an arm's length basis in accordance with section 98c(7) of the Danish Financial Statements Act.

17 Events after the balance sheet date

No events have occurred after the balance sheet date to this date that would influence the assessment and evaluation of this annual report in any substantial way.