CC Track Invest ApS
Østre Allé 42, 7.
2100 København Ø

CC Track Invest ApS

Annual report 2015

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

on 30 March 2016

Per K. H. Andersen

chairman

CVR no. 25 65 68 06

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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 2015.

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 2015 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 2015.

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.

Copenhagen, 7 March 2016
Executive Board:

Villhelm Eigil Hahn-Petersen

Board of Directors:

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

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø
Denmark

Telephone +45 70 70 77 60
www.kpmg.dk
CVR no. 25 57 81 98

Independent auditor's report

To the shareholders of CC Track Invest ApS

Independent auditor's report on the consolidated financial statements and the parent company financial statements

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 2015. The consolidated financial statements and the parent company financial statements comprise accounting policies, income statement, balance sheet and notes 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.

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.

Auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and parent company financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of consolidated financial statements and parent company financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of consolidated financial statements and parent company financial statements.

KPMG

Independent auditor's report

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the 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 2015 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 2015 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

In accordance with the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 7 March 2016
KPMG
Statsautoriseret Revisionspartnerselskab

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

Management's review

Company details

CC Track Invest ApS
Østre Allé 42, 7.
2100 København Ø

CVR no.:	26 65 68 06
Established:	19 December 2013
Registered office:	Copenhagen
Financial year:	1 January – 31 December

Board of Directors

Vilhelm Hahn-Petersen

Executive Board

Jens Hahn-Petersen
Vilhelm Hahn-Petersen
Peter Ryttergaard

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø

Annual general meeting

The annual general meeting will be held on 30 March 2016.

Management's review

Financial highlights for the Group

DKK'000	2015	2014*
Key figures		
Gross profit	145,121	119,240
EBITDA	15,338	10,906
EBITDA, normalised	**23,021**	**10,906**
Operating profit	4,483	3,086
Earnings before tax	5,059	1,360
Profit for the year	**3,775**	**412**
Non-current assets	122,013	124,527
Current assets	115,633	108,866
Total assets	**237,646**	**233,393**
Equity	**84,890**	**78,997**
Provisions	15,513	12,910
Non-current liabilities	18,777	25,880
Current liabilities	118,866	115,506
Net working capital	14,679	7,976
Net interest-bearing debt	48,960	45,096
Net cash flows before financing activities	4,315	-112,812
Net cash flows	-1,739	-15,196
Portion relating to investments in property, plant and equipment	445	384
Return on invested capital	1,9%	1,3%
Solvency ratio	35,6%	33,8%
Return on equity	4,6%	0,5%
Average number of full-time employees	**189**	**199**

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". For terms and definitions, please see the accounting policies.

*The numbers for 2014 relates to the period from acquisition of Lyngsoe Systems-Group at 10 March 2014 to 31 December 2014

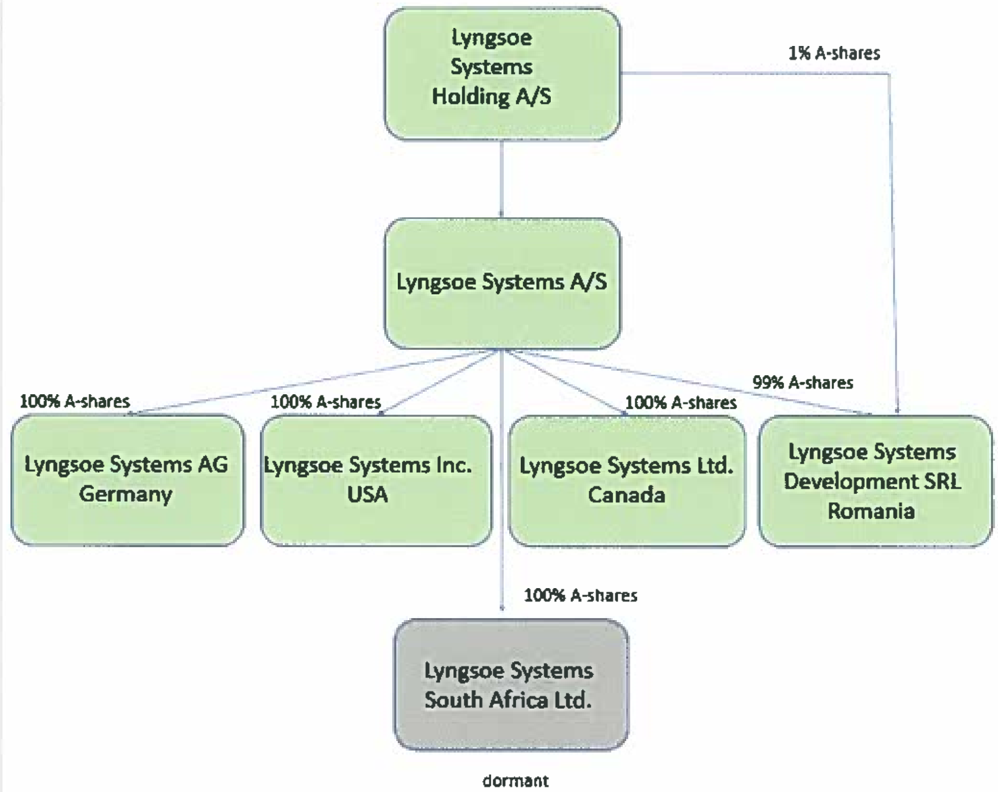
Management's review

Group chart

The Company was established by the capital fund Catacap on 19 December 2013, and it is the majority shareholder (73.6%) of Lyngsoe Systems Holding A/S (CC Track Holding A/S), which acquired 100% of the shares in Lyngsoe Systems Group on 10 March 2014. Other shareholders of CC Track Holding A/S include a majority of the ceding company and the group management.

The capital fund CataCap has dominant influence on the Company and the Group.

The Group's legal structure at 31 December 2015:



During 2015, CC Track Holding A/S changed its name to Lyngsoe Systems Holding A/S.

Management's review

Operating review

Group Philosophy

Lyngsoe Systems has been a world leader in the field of cutting-edge electronic logistics control for over 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.

We offer best in class logistical solutions across the customer supply chain, offering real-time transparency, traceability and data capture to increase customer revenues, reduce OPEX and ensure quality.

With a proven track record of more than 3,700 installations in 56 countries, the Lyngsoe Systems team can demonstrate extensive experience in customer process 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
- Controls
- Data capture

These market segments are serviced through following Business Units:

Postal & Logistics Solutions

The Lyngsoe Postal & Logistics business unit help the world's postal services being successful in changing their business to match future demands. "Together we create the postal company of the future that will fulfil future customer requirements for quality and information on every item sent through the postal system." We address the following main trends by our postal customers: The need for new topline, cost cutting, increase of capacity and maintaining/improving of QofS. The turn key solutions range from full blown roll cage tracking solutions to process monitoring, mail volume forecasting, track'n'trace, sorting and automation and managing and tracking transport materials in general.

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, 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.

Controls Solutions

Lyngsoe Controls has key knowledge of a broad variety of conveyor and sorter control systems and know what it takes to keep sorter performance at top level. Whether the need is a new sorter control solution or an upgrade of an existing system, the result is a platform that anticipates future developments ensuring your system will not become technologically outdated. Control systems upgrade and replacements, systems integration, VMware and control system analysis and design are just some of the systems and services provided. We design and supply control systems for one of the world leading system integrators within a broad variety of businesses from baggage sorting, parcels and letter bundles, to footwear, apparel, etc. Many of the companies using our solutions are among the Fortune 500 companies and face extensive logistical challenges.

Data Capture Solutions

Lyngsoe's Live Logistics platform allows customers and partners to take advantage of Lyngsoe's differentiating data capture technology. The platform reduces complexity and allows IT application to consume data through simplified interfaces and accessible in cloud set-up's. In addition to postal solutions the Lyngsoe Live Logistics platform is used in healthcare, airport and supply chain solutions.

Group structure

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

Through Lyngsoe Systems Holding A/S the Company owns 100% of Lyngsoe Systems A/S.

Lyngsoe Systems A/S has four active subsidiaries situated in Frederick, Maryland, USA; Toronto, Canada; Bucharest, Romania; Hamburg, Germany.

Management's review

Operating review

The former, intermediate company, Lyngsoe Systems Holding A/S in Denmark was merged with the subsidiary Lyngsoe Systems A/S with retrospective effect as of January 1st 2015. Following this merger, the Company changed its name from CC Track Holding A/S to its current name Lyngsoe Systems Holding A/S.

The purpose of the company in the USA is to sell and support our solutions in 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 (Radio Frequency Identification) 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 Romania effectively discontinued its activities during 2015 and employees were transferred to another Romania company from which we continue to hire resources to assist in servicing our south Europa customers with repair, maintenance and service requests.

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

Takeover of the Company by the Danish Private Equity Fund

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 73,6 % owned by the Private Equity Fund, CataCap, whereas 26,4% is owned by a majority of the ceding company and by the group management. The purpose is to secure that everyone is committed to capitalize on the Company's possibilities and large potential.

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.

Development in Activities and Finance during 2015

During 2015, the Company continued the transformation towards being a more agile and balanced mix of product and project company. Product Development Activities were conducted at a high level, see the section "Product Development". Focus was on realigning the organization, increasing focus on customers and efficient execution and significant progress was made in this respect with launching and essentially completing Strategy 2.0. These activities improved our value offerings to customers and will positively impact in 2016.

Management's review

Operating review

The consolidated gross profit was 145.1 million DKK and EBITDA normalized for one off items totalling 7.7 million DKK amounted to 23,0 million DKK (EBITDA was 15.4 million DKK). This is an improvement over the past accounting period. After depreciation and amortization consolidated operating profit was 4.5 million DKK. The consolidated profit for the year was 3.8 million DKK. The result is considered fairly satisfactory.

Cash flow was in focus during 2015 and cash flow from operations became 12.5 million DKK, an improvement on previous year (15.0 MDKK), despite higher activity and high work-in-process on a major project. After investments totalling 8.2 million DKK and net-repayment of loans with 6.1 million DKK total cash flow became -1.7 million DKK,

Equity ratio amounted to 35.6%, better than 33.8% at 31 December 2014.

Outlook

Due to the underlying improvements in operations, Management expects an increase in gross profit and results in 2016.

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

Product Development

The Group has maintained product development on a high level and has developed new products for most customer segments, including in particular Library, but also Post and Data Capture.

Besides that, the Group has invested a considerable amount of man-hours in our internal systems supporting the development of products and services.

Through the year, the Group has spent a significant amount for market and product development. Product development partly takes place in cooperation with our clients and partly on our own accord based on our strategy to create a common, modular platform in order to secure scale and flexibility.

Consequently, we are enlarging our base of concepts and products with high knowledge content.

Incurred costs for our own internal development are recorded in the annual accounts with due consideration to the expected future economic return on investment, whereas development costs related to customer cooperation will be charged incrementally concurrently with the completion of the orders.

Corporate Social Responsibility

Corporate social responsibilities form an integrated part of group values and our business strategy. The Group has drawn up a corporate social responsibility policy, which has been presented to the employees. The CSR can be found on http://www.lyngsoesystems.com/en/company/csr/.

Management's review

Operating review

Employees

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

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.

Again this year, our employees have made a great effort and acted with flexibility when required.

Human Rights

The Group recognizes the international human 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 2015.

Environment

The Group recognizes 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 2015.

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 2015.

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.

Management's review

Operating review

A detailed description of corporate covernance including DVCA's code for responsible ownership and good corporate management is part of annual report for CC Track Holding A/S.

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.

Business 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. Today the Company mainly produces to order in the field of customized, high technology logistics solutions. However, we have an objective of developing module-based solutions to be offered to a wider audience regarding both customers and markets. 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.

Financial Risk

The Board and the executive management regularly evaluate whether the capital structure of the Company and the Group is in concordance 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 loans, overdraft facility, supplier credit, etc. Duration and interest risk are evaluated as appropriate for the Company and the Group. At the balance sheet date, the net interest-bearing debt was 49.1 million DKK which is evaluated 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 Europe and Scandinavia where foreign exchange risks are evaluated at a low level and in the USA where currency risks are partly matched by sourcing hardware denominated in USD.

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

Accounting policies

The annual report of CC Track Invest ApS for 2015 has been present in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

From 1 January 2016 CC Track Invest ApS has opted for early adoption of part of Law No. 738 of 1 June 2015 relating to non-controlling interests, so the minority interests' proportionate share of the subsidiaries equity is presented as part of consolidated equity in separate one-line item. Hereby the consolidated equity is increased by DKK 22,239 thousand as per 31 December 2015 (2014: DKK 20,736 thousand).

The comparative figures has been restated according to the changed accounting policies.

The accounting policies used in the preparation of the consolidated financial statements and parent company 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.

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.

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

Business combinations

Entities acquired during the year are recognised in the consolidated financial statements from the date of acquisition. Comparative figures are not restated to reflect acquisitions.

For acquisitions of new businesses, the purchase method is used. The acquired businesses' identifiable assets and liabilities are measured at fair value at the date of acquisition. Provisions are recognised to cover costs arising from scheduled or announced restructuring processes in the entity acquired as part of the acquisition. The tax effect of revaluations is recognised as deferred tax.

Positive differences (goodwill) between cost and the fair value of identifiable assets and liabilities acquired, including restructuring provisions, are recognised as intangible assets and amortised systematically in the income statement based on an individual assessment of the useful life, however, not exceeding 20 years.

Goodwill from entities acquired may be adjusted until the end of the year after the year of acquisition.

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

Accounting policies

The pooling-of-interests-method is applied to business combinations arising from the purchase and sale of investments, mergers, demergers, contribution of assets, share exchanges, etc., between entities under the control of the Parent Company. Any difference between the agreed remuneration and the net asset value of the entity acquired is recognised in equity. Comparative figures of prior financial years are restated.

Non-controlling interests

Entries of subsidiaries are fully recognised in the consolidated financial statements. The minority interests' proportionate share of the subsidiaries equity is presented as part of consolidated equity in separate one-line item.

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.

In recognising and measuring assets and liabilities, 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.

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.

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

Accounting policies

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Non-current assets 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

Gross profit/loss

In accordance with section 32 of the Danish Financial Statements Act, revenue, operating costs, and other external costs are aggregated into the financial statement caption gross profit.

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.

Operating costs

Operating costs comprise 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.

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

Accounting policies

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.

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.

Balance sheet

Goodwill

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected economic life assessed at 20 years.

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.

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

Accounting policies

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.

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

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 non-current 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 non-current 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.

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

Accounting policies

All leases are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed in contingent liabilities, etc.

Investments in subsidiaries

Investments in subsidiary companies are measured at cost. Where the net realizable value is lower than cost, investments are impaired to this lower value.

Cost is written down to the extent that distributed dividends exceed accumulated earnings after the acquisition date.

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.

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.

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

Accounting policies

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.

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.

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Accounting policies

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.

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.

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Accounting policies

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 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 the acquisition and disposal of entities and activities and acquisitions and disposals of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

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

Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2010".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Return on invested capital	$\frac{\text{Operating profit/loss x 100}}{\text{Average invested capital}}$
Invested capital	Operating intangible assets and property, plant and equipment plus net working capital
Current ratio	$\frac{\text{Current assets x 100}}{\text{Current liabilities}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit/loss from ordinary activities after tax x 100}}{\text{Average equity}}$

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Income statement

DKK'000	Note	Consolidated 2015	Consolidated 2014	Parent Company 2015	Parent Company 2014
Gross profit/loss		145,121	119,240	-85	-109
Staff costs	1	-129,783	-108,334	0	0
Amortisation of intangible assets	3	-4,594	-5,699	0	0
Depreciation on property, plant and equipment	4	-6,261	-2,121	0	0
Operating profit/loss		4,483	3,086	-85	-109
Financial income		2,530	2,556	0	0
Financial expenses		-1,954	-4,282	-1	-849
Profit/loss before tax		5,059	1,360	-86	-958
Tax on profit/loss for the year	2	-1,284	-948	19	235
Profit/loss for the year		3,775	412	-67	-723
Attributable to:					
Non-controlling interests		1,054	112		
Shareholders in CC Track Invest ApS		2,721	300		
		3,775	412		

Proposed profit appropriation/distribution of loss

	Parent Company 2015	Parent Company 2014
Dividends	0	0
Retained earnings	-67	-723
	-67	-723

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Balance sheet

		Consolidated		Parent Company	
DKK'000	Note	2015	2014	2015	2014
ASSETS					
Non-current assets					
Intangible assets	3				
Goodwill		83,783	88,377	0	0
Development projects		16,252	12,227	0	0
		100,035	100,604	0	0
Property, plant and equipment	4				
Land and buildings		19,440	20,834	0	0
Fixtures and fittings, tools and equipment		2,538	3,089	0	0
		21,978	23,923	0	0
Investments					
Investments in subsidiaries	5	0	0	57,907	57,907
		0	0	57,907	57,907
Total non-current assets		122,013	124,527	57,907	57,907
Current assets					
Inventories					
Raw materials and consumables		5,047	7,928	0	0
		5,047	7,928	0	0
Receivables					
Trade receivables		64,583	65,006	0	0
Contract work in progress	6	33,566	23,308	0	0
Other receivables and prepayments		2,700	2,145	1	1
Tax receivable		1,175	0	218	0
Tax assets	8	4,252	3,668	36	235
		106,276	94,127	255	236
Cash at bank and in hand		4,310	6,811	148	234
Total current assets		115,633	108,866	403	470
TOTAL ASSETS		237,646	233,393	58,310	58,37

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Balance sheet

		Consolidated		Parent Company	
DKK'000	Note	2015	2014	2015	2014
EQUITY AND LIABILITIES					
Equity					
Share capital	7	11,823	11,800	11,800	11,800
Retained earnings		50,431	46,461	46,410	46,477
Shareholders part of equity		62,254	58,261	58,210	58,277
Non controlling interets		22,236	20,736	-	-
Total consolidated equity	7	84,490	78,997	58,210	58,277
Provisions					
Deferred tax	8	7,655	6,072	0	0
Warranty provisions		7,858	6,838	0	0
Total provisions		15,513	12,910	0	0
Liabilities other than provisions					
Non-current liabilities other than provisions	9				
Mortgage credit institutions		14,637	13,880	0	0
Loan credit institutions		4,000	12,000	0	0
Lease commitments		140	0	0	0
		18,777	25,880	0	0
Current liabilities other than provisions					
Current portion of long-term liabilities	9	8,928	8,614	0	0
Bank loans and overdrafts		25,565	26,327	0	0
Prepayments received from customers	6	30,563	27,202	0	0
Trade payables		18,623	20,068	0	0
Other payables		23,918	25,177	100	100
Deferred income	6	11,269	8,218	0	0
		118,866	115,606	100	100
Total liabilities other than provisions		137,643	141,486	100	100
TOTAL EQUITY AND LIABILTIES		237,646	233,393	58,310	58,377

Contractual obligations, contingencies, etc.	10
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Cash flow statement

DKK'000	Note	2015	2014
Profit for the year		2,721	112
Amortisation and depreciation		10,855	7,820
Financial income and expenses		-577	1,726
Minority interests' share of profit/loss		1,054	300
Tax on profit for the year		1,284	948
Cash generated from operations (operating activities) before changes in working capital		15,337	10,906
Changes in working capital	12	-2,782	-10,846
Other adjustments		-744	-413
Cash generated from operations (operating activities)		11,811	-353
Interest income received		2,530	2,556
Interest expense paid		-1,673	-4,282
Cash generated from operations (operating activities) before tax		12,668	-2,079
Corporation tax paid		-130	-878
Cash flows from operating activities		12,538	-2,957
Acquisition of entity		-	-104,979
Acquisition of intangible assets		-7,896	-4,492
Acquisition of property, plant and equipment		-445	-384
Disposals of property, plant and equipment		118	-
Cash flows from investing activities		-8,223	-109,855
Increase in long-term bank loans and overdrafts and acquisition credit		-	81,407
Cash from change in mortgage debt, net		1,312	0
Repayment of mortgage debt		-595	-826
Repayment of long-term debt and acquisition credit		-8,000	-61,407
New leasing liability		419	0
Repayment of lease liabilities		-140	0
Increase in share capital		0	58,500
Capital increase by minority interests		950	20,740
Acquisition of treasury shares		-	-798
Cash flows from financing activities		-6,054	97,616
Net cash flows from operating, investing and financing activities		-1,739	-15,196
Opening cash and cash equivalents, net		-19,516	-4,320
Closing cash and cash equivalents, net		-21,255	-19,516

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DKK'000		Consolidated 2015	Consolidated 2014
1	**Staff costs**		
	Wages and salaries	110,446	80,211
	Pensions	12,941	7,914
	Other social security costs	6,396	20,209
		129,783	108,334
	Average number of employees	189	199

Remuneration of the Parent Company's Executive Board and Board of Directors is included in the staff costs of Lyngsoe Systems A/S. The remuneration totals DKK 2,602 thousand. (2014: DKK 1,989 thousand proportionally).

DKK'000		Consolidated 2015	Consolidated 2014	Parent Company 2015	Parent Company 2014
2	**Tax on profit/loss for the year**				
	Current tax for the year	253	243	0	0
	Deferred tax adjustment for the year	1,031	705	-19	-235
		1,284	948	-19	-235

3 Intangible assets

DKK'000	Consolidated Goodwill	Consolidated Finalised development projects	Consolidated Development projects in progress	Consolidated Total
Cost at 1 January 2015	91,877	9,875	4,551	106,303
Additions	0	3,415	4,481	7,896
Transferred	0	2,581	-2,581	0
Disposals	0	-1,868	0	-1,868
Cost at 31 December 2015	91,877	14,003	6,451	112,331
Amortisation and impairment losses at 1 January 2015	3,500	2,199	0	5,699
Amortisation	4,594	3,394	0	7,988
Divested	0	-1,390	0	-1,390
Amortisation and impairment losses at 31 December 2015	8,094	4,203	0	12,297
Carrying amount at 31 December 2015	83,783	9,801	6,451	100,035

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3 Intangible assets (continued)

Prepared impairment test of goodwill shows no indication of impairment at 31 December 2015.

Goodwill relates to the acquisition of the Lyngsoe Systems Group and comprises employees, know-how and other intangible assets that cannot be measured reasonably on an individual basis.

4 Property, plant and equipment

	Consolidated		
DKK'000	Land and buildings	Plant and machinery	Total
Cost at 1 January 2015	22,000	4,044	26,044
Additions	0	445	445
Disposals	0	-270	-270
Cost at 31 December 2015	22,000	4,219	26,219
Depreciation at 1 January 2015	1,166	955	2,121
Depreciation	1,394	959	2,353
Disposals	0	-233	-233
Depreciation at 31 December 2015	2,560	1681	4,241
Carrying amount at 31 December 2015	19,440	2,538	21,978
Assets held under finance leases	0	315	315

5 Investments in subsidiaries (Parent Company)

DKK'000	2015	2014
Cost at 1 January 2015	57,907	0
Additions upon acquisition of subsidiary including accrued liability	0	57,907
Cost at 31 December 2015	57,907	57,907
Carrying amount at 31 December 2015	57,907	57,907

Name and registered office	Ownership	Equity*	Profit for the year*
		DKK'000	DKK'000
Lyngsoe Systems Holding A/S, Denmark	74 %	84,188	3,842

* consolidated figures

Prepared impairment test of carrying amount shows no indication of impairment at 31 December 2015.

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DKK'000	2015	2014
6 Contract work in progress (consolidated)		
Sales value of work performed	74,456	88,788
Progress billings	-71,453	-92,682
	3,003	-3,894

Recognised as follows:

	2015	2014
Contract work in progress (assets)	33,566	23,308
Prepayments received from customers (liabilities)	-30,563	-27,202
	3,003	-3,894

7 Statement of changes in equity

	Consolidated			
DKK'000	Share capital	Retained earnings	Proposed dividends	Total
Equity at 1 January 2015	11,800	46,461	0	58,261
Shared capital increase	23	676		699
Transferred over the profit appropriation/distribution of loss	0	2,721	0	2,721
Foreign exchange rates and other adjustments	0	573	0	573
Equity at 31 December 2015	11,823	50,431	0	62,254

	Parent Company			
DKK'000	Share capital	Retained earnings	Proposed dividends	Total
Equity at 1 January 2015	11,800	46,477	0	58,277
Transferred over the profit appropriation/distribution of loss	0	-67	0	-67
Equity at 31 December 2015	11,800	46,410	0	58,210

Changes in share capital during the past five years are specified as follows:

DKK'000	2015	2014
Balance at 19 December 2013	11,800	100
Share capital increase	23	11,700
	11,823	11,800

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7 Statement of the changes in equity (continued)

	2015	2014
The share capital is specified as follows:		
Nom. A shares	11,800,000	11,800,000
Nom. B shares	100	100
Nom. C shares	100	100
	11,800,200	11,800,200

The increase in minority interest is due to result and capital increase by minority shareholders.

8 Deferred tax (consolidated)

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

Deferred tax liabilities concern deferred tax regarding net revaluation on buildings, contract work in progress, fixed assets, provisions, prepayments, deferred income and tax loss carryforwards.

9 Liabilities other than provisions (consolidated)

DKK'000	Total debt at 31/12 2015	Repay-ment, initial year	Out-standing debt after 5 years
Mortgage debt	15,425	788	11,503
Other credit institutions	12,000	8,000	0
Leasing debt	280	140	0
	27,705	8,928	11,503

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10 Contractual obligations, contingencies, etc.

Parent Company

A deed registered to the bank of DKK 790 thousand secured on shares in CC Track Holding A/S and thereby included shares in Lyngsoe Systems A/S has been registered as collateral for all balances with Nordea Bank owed by the Group.

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 which wholly owns the administrative 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 taxable joint taxation income or withholding taxes could result in a higher liability for the Company.

Consolidated

Land and buildings with a carrying amount of DKK 19,440 thousand at 31 December 2015 have been provided as collateral for amounts owed to mortgage institutions of DKK 15,425 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 mortgaged assets has been registered as collateral for balances with Nordea Bank. At 31 December 2015, mortgaged assets totalled DKK 101,309 thousand.

The Company has provided payment and performance guarantees totalling DKK 11,614 thousand (2014: DKK 10,384 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 and lawsuits. Management is of the opinion that these cases will not affect the Company's financial position at 31 December 2015.

The Company has entered into leases totalling DKK 102 thousand which all falls due within the initial year.

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11 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 K/S, Øster Allé 42, 7., 2100 København Ø, Denmark.

12 Change in working capital (consolidated)

DKK'000	2015	2014
Change in work in progress	2,881	-23,308
Change in prepayments received	-133	7,121
Change in inventories	-7,207	-186
Change in receivables	3,361	-17,218
Change in trade and other payables	-2,704	21,915
Change in warranty provision	1,020	830
	-2,782	-10,846