Lyngsoe Systems Holding A/S
Østre Allé 42, 7.
2100 København Ø

Lyngsoe Systems Holding A/S

Annual report 2015

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

on 30 march 20 16

Per K. H. Andersen

chairman

CVR no. 25 65 69 46

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 Lyngsoe Systems Holding A/S 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.

Aars, 7 March 2016
Executive Board:

Villads B. Thomsen

Board of Directors:

Jørgen Bardenfleth Chairman	Vilhelm Hahn-Petersen	Finn H. Mathiassen
Rasmus Philip Lokvig	Jesper Jarlbæk	Carsten N. Knudsen

KPMG
Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
8210 Aarhus V
Denmark

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CVR no. 25 57 81 98

Independent auditor's report

To the shareholders of Lyngsoe Systems Holding A/S

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 Lyngsoe Systems Holding A/S 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.

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.

Aarhus, 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

Lyngsoe Systems Holding A/S
Østre Allé 42, 7.
2100 København Ø

CVR no.:	25 65 69 46
Established:	19 December 2013
Registered office:	Copenhagen
Financial year:	1 January – 31 December

Board of Directors

Villads B. Thomsen

Executive Board

Jørgen Bardenfleth
Vilhelm Hahn-Petersen
Finn H. Mathiassen
Rasmus Philip Lokvig
Jesper Jarlbæk
Carsten N. Knudsen

Auditor

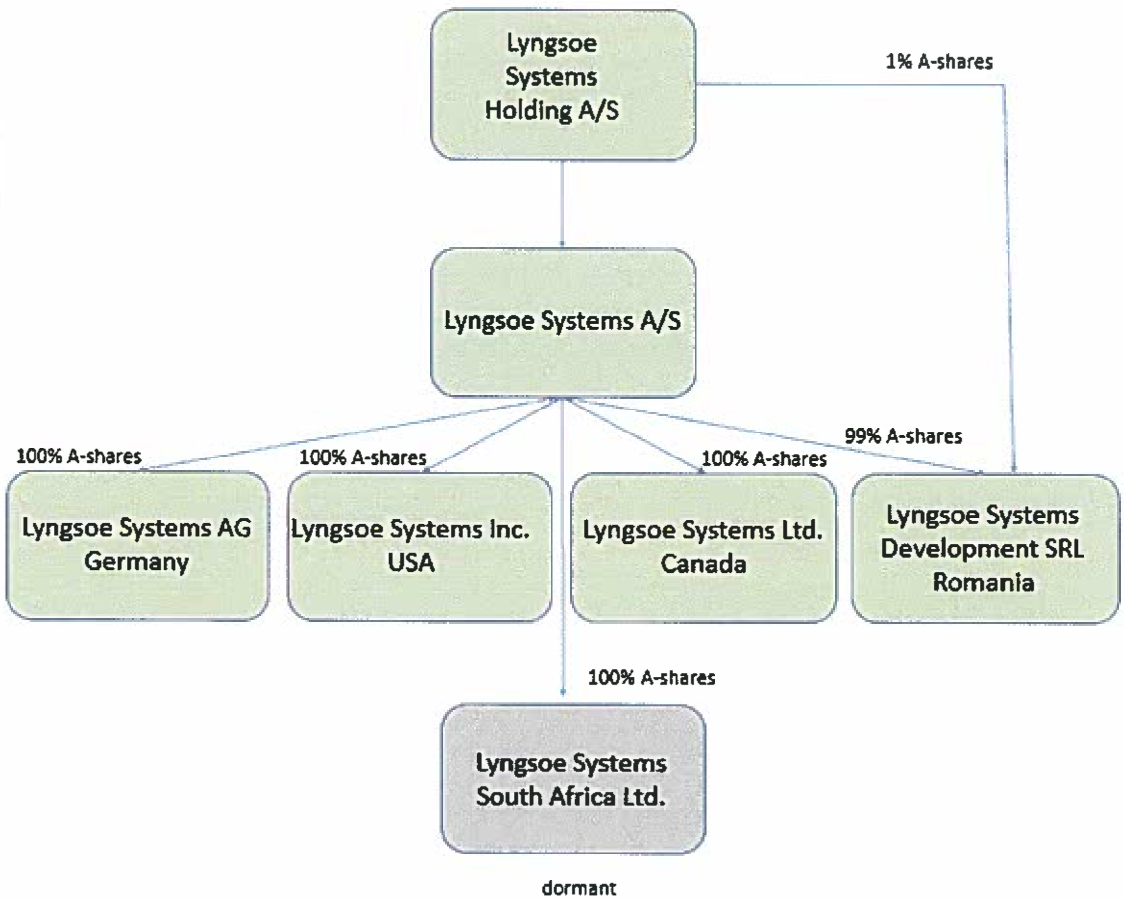
KPMG
Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
8210 Aarhus V

Annual general meeting

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

Management's review

Group chart



During 2015, the Parent Company changed its name to Lyngsoe Systems Holding A/S.

Management's review

Financial highlights for the Group

DKK'000	2015	2014*
Key figures		
Gross profit	145,206	119,350
EBITDA	15,423	11,016
EBITDA, normalized	23,106	13,616
Operating profit	4,568	3,196
Earnings before tax	5,145	2,319
Profit for the year	**3,842**	**1,136**
Non-current assets	122,013	124,527
Current assets	115,231	108,631
Total assets	**237,244**	**233,158**
Equity	**84,188**	**78,627**
Provisions	15,513	13,145
Non-current liabilities	18,777	25,880
Current liabilities	118,766	115,506
Net working capital	14,778	8,076
Net interest-bearing debt	49,109	45,630
Net cash flows before financing activities	4,400	-111,953
Net cash flows	-1,654	-15,430
Portion relating to investments in property, plant and equipment	445	384
Return on invested capital	1.9%	1.4%
Solvency ratio	35.4%	33.7%
Return on equity	4.7%	1.5%
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 figures for 2014 relate to the period from the acquisition of Lyngsoe Systems Group on 10 March 2014 to 31 December 2014

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.

The Company owns 100% of Lyngsoe Systems A/S and 1% of Lyngsoe Systems development SRL.

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 6% 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 145.2 million DKK and EBITDA normalized for one off items totalling 7.7 million DKK amounted to 23,1 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 4.6 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 12.9 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 35.4%, better than 33.7% 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.

The Group is owned 73,6% by the Private Equity Fund, CataCap, whereas 26,4% is owned by a majority of the ceding company and by the group management. As majority shareholder, CataCap has dominant influence on the Company and the Group.

Management's review

Operating review

The executive manager (CEO) is Mr. Villads B. Thomsen. He owns 1.6% of Lyngsoe Systems Holding A/S. He is also CEO in Lyngsoe Systems A/S and all foreign subsidiaries. Besides that, he is CEO in JBVT ApS.

The composition of the Board is as follows:

Mr. Jørgen Bardenfleth, Chairman
Mr. Vilhelm Hahn-Petersen, Deputy Chairman
Mr. Finn H. Mathiassen,
Mr. Rasmus Lokvig,
Mr. Jesper Jarlbæk,
Mr. Carsten N. Knudsen

The Board members hold the following positions:

Chairman Jørgen Bardenfleth
Directly owns 0.8% of Lyngsoe Systems Holding A/S.

Chairman	Deputy Chairman	Board member / CEO
LYNGSOE SYSTEMS HOLDING A/S	SYMBION FONDEN	TENACITY ApS
LYNGSOE SYSTEMS A/S		LIONEAGLE ApS
ADACTIT ApS		THE EYE TRIBE ApS
DUBEX A/S		AX IV EG HOLDING A/S
ACCELERACE MANAGEMENT A/S		EG A/S
SYMBION A/S		MINERVA ApS
DHI GROUP		ATHENA IT-GROUP A/S
		VALLØ STIFT
		COPENHAGEN CAPAPCITY, FONDEN TIL MARKEDSFØRING OG ERHVERVSFREMME I REGION HOVEDSTADEN

Management's review

Operating review

Deputy Chairman Vilhelm Hahn-Petersen, Partner at CataCap.
Indirectly owns 1.9% of Lyngsoe Systems Holding A/S.

Chairman	Deputy Chairman	Board member / CEO
CAPACENT PEOPLE A/S	LYNGSOE SYSTEMS HOLDING A/S	CC TRACK INVEST ApS
	CC EXPLORER INVEST ApS	MYCO ApS
		CATACAP DM ApS
	LYNGSOE SYSTEMS A/S	CATACAP MANAGEMENT A/S
	MOBYLIFE A/S	CATACAP OP ApS
	MOBYLIFE HOLDING A/S	CC ORANGE INVEST ApS
	MOBYLIFE AB	CC TRACK INVEST ApS
	MOBYLIFE HOLDING AB	CC ORANGE INVEST ApS
	MOBYLIFE	CC TOOL INVEST ApS
	LJUNGBY AB	CC TOOL HOLDING A/S
	MOBYLIFE OY	SCC SKY INVEST ApS
	MOBYLIFE HELSINKI OY	CC X INVEST ApS
	MOBYLIFE DRAMMEN AS	PITZNER MATERIEL A/S
	MOBYLIFE KONGSBERG AS	MOBYLIFE DM ApS
	MOBYLIFE HOLDING AS	CC EXPLORER INVEST ApS
		G.S.V. HOLDING A/S
		G.S.V. MATERIELUDLEJNING A/S
		SKYBRANDS HOLDING A/S

Board member Rasmus Lokvig, Director at CataCap

Chairman	Board member / CEO
MNGT4 RL ApS	LYNGSOE SYSTEMS HOLDING A/S
CATACAP DM ApS	LYNGSOE SYSTEMS A/S

Management's review

Operating review

Board member Finn H. Mathiassen
Directly owns 7.5% of Lyngsoe Systems Holding A/S

Chairman	Board member / CEO
JUTLANDER BANK A/S MASARYK SRL	OASEN BYG ApS OASEN ApS AARS ERHVERVSCENTER A/S LYNGSOE SYSTEMS HOLDING A/S LYNGSOE SYSTEMS A/S ØGAARD EL A/S

Board member Jesper Jarlbæk
Directly owns 0.2% of Lyngsoe Systems Holding A/S.

Chairman	Deputy Chairman	Board member / CEO
CATACAP MANAGEMENT A/S BASICO LEGAL IVS ØKONOMIFORUM ApS BASICO P/S FROKOST.DK ApS BEYOND BUDGETING INSTITUTE P/S SHOWME ApS BASICO CONSULTING INTERNATIONAL ApS VALUEMAKER ApS SPOING A/S BORTFORPAGTNINGS-SELSKABET BASICO A/S JAWS A/S GROUPCARE A/S GROUPCARE HOLDING A/S ALTIUS INVEST A/S VENTUS PUBLISHING ApS BOOKBOON CORPORATE A/S FOND TALSINKI 2015 I-IV A/S	DANISH VENTURE CAPITAL AND PRIVATE EQUITY ASSOCIATION	BUSINESS ANGELS FOND – LONDON I A/S BUSINESS ANGELS FOND – LONDON II A/S BUSINESS ANGELS FOND – LONDON III A/S TIMPCO ApS SCSK 2272 ApS EARLBROOK HOLDINGS LTD A/S BUSINESS ANGELS FOND – LONDON II A/S LYNGSOE SYSTEMS HOLDING A/S LYNGSOE SYSTEMS A/S A-SOLUTIONS A/S BANG & OLUFSEN A/S POLARIS III INVEST FONDEN EARLBROOK HOLDINGS LTD A/S

Management's review

Operating review

Board member Carsten N. Knudsen Directly owns 0.2% of Lyngsoe Systems Holding A/S. Chairman	Board member / CEO
GSV Holding AS/	LYNGSOE SYSTEMS HOLDING A/S
GSV MATERIEL UDLEJNING A/S	LYNGSOE SYSTEMS A/S
PITZNER MATERIEL A/S	SØGAARDEN-SJÆLSØ APS
BLACK BIDCO APS	BLADT HOLDING A/S
DANE TOPCO APS	BLADT INDUSTRIES A/S
GLUNZ & JENSEN A/S	BLADT INDUSTRIES HOLDING A/S

The Board assures that the executive management follows the defined objectives, strategies and business procedures. Feedback from executive management takes place systematically in meetings and through written and verbal reports. Furthermore, the banks of the Company and the group are regularly informed. The Board considers that this, along with the internal procedures, provides for an adequate and effective risk management and appropriate internal controls.

Board meetings follow a fixed schedule with at least 5 annual meetings, one of which regards strategy where vision, goals and strategic plan are defined.

The chairmanship has a close and continuous dialogue with the daily management of the Company.

In order to attract and retain managerial talents and competence in the Group, the remuneration of the executive management and other managing staff is determined according to tasks, value creation and conditions in comparable companies and has an element of performance related fee.

Considering the size and complexity of the Company and the close dialogue between owners, Board, chairmanship and executive management, the Board has decided currently not to appoint an audit committee and no internal audit department has been established.

The group and its subsidiaries are closely monitored by group finance who also, largely, handles financial management of subsidiaries and assures an appropriate degree of separation of functions.

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.

Management's review

Operating review

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 Lyngsoe Systems Holding A/S for 2015 has been prepared 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 consolidated financial statements and the parent company financial statements are consistent with those of last year.

Consolidated financial statements

The consolidated financial statements comprise the Parent Company, Lyngsoe Systems Holding A/S, and subsidiaries in which Lyngsoe Systems Holding A/S directly or indirectly holds more than 50% of the votes or in some other way controls. A group chart is included on page 6.

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.

Business combinations

Newly acquired or newly established entities are recognised in the consolidated financial statements at the date of acquisition or establishment. Divested or wound-up entities are recognised in the consolidated income statement up to the date of divestment or winding-up. Comparative figures are not restated to reflect acquisitions, divestments or windings-up.

When acquiring new entities, the purchase method is applied under which identifiable assets and liabilities are measured at fair value at the date of acquisition. Provisions are recognised to cover costs arising from planned and announced restructuring processes in the acquired entity 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. Negative differences (negative goodwill) reflecting projected unfavourable development in the relevant entities are recognised in the balance sheet as deferred income and recognised in the income statement as the unfavourable development materialise.

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

Accounting policies

Negative goodwill up to an amount not exceeding the fair value of non-monetary assets that does not relate to projected unfavourable development is recognised in the balance sheet as deferred income. The amount is subsequently recognised in the income statement over the average useful lives of the non-monetary assets. Any residual negative goodwill is recognised in the income statement at the date of acquisition.

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

The uniting-of-interests method is applied to business combinations such as the acquisition and disposal of equity investments, mergers, demergers, contribution of assets, share exchanges, etc., between entities controlled by the Parent Company. Differences between the agreed consideration and the carrying amount of the acquired entity is recognised in equity. Moreover, comparative figures for previous financial years are restated.

Gains or losses on the divestment of subsidiaries and associates are calculated as the difference between the sales amount and the carrying amount of net assets at the date of disposal, including non-amortised goodwill and projected costs of divestment or winding-up.

Foreign currency translation

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

Receivables, 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 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.

Upon recognition of foreign subsidiaries and associates which are independent entities, the income statements are translated into Danish kroner at average exchange rates for the month, and balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising upon translation of foreign subsidiaries' opening equity and results at the exchange rates at the balance sheet date are recognised directly in equity.

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

Accounting policies

Foreign exchange adjustments of balances with independent foreign subsidiaries considered part of the total investment in the subsidiary are recognised directly in equity. Similarly, foreign exchange gains and losses on loans and derivative financial instruments taken out for the purpose of hedging investments in foreign subsidiaries are recognised directly in equity.

Upon recognition of foreign subsidiaries which are integrated entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the date of acquisition or the date of subsequent revaluations of the asset. Income statement items are translated at the exchange rates at the transaction date, whereas items derived from non-monetary items are translated at historical exchange rates for the non-monetary item.

Income statement

Gross profit

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.

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.

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

Accounting policies

Financial income and expenses

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

Tax on profit/loss for the year

The Parent Company is comprised by the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Parent Company is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Balance sheet

Intangible assets

Goodwill

Goodwill is measured at cost less accumulated amortisation and impairment losses. 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. The maximum amortisation period is 20 years and longest for strategically acquired entities with a strong market position and long-term earnings profile.

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Accounting policies

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 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.

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.

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Accounting policies

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.

All other leases are operating leases. Payments relating to operating leases and 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 as contractual obligations, etc.

Investments

Equity investments in group entities and associates are measured at cost. When the cost exceeds the recoverable amount, write-down is made to this lower value. The cost is reduced by dividends received exceeding accumulated earnings after the acquisition date.

Other receivables and deposits are recognised at amortised cost.

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 expected selling price.

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

Accounting policies

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 portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Contract 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.

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.

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Accounting policies

Prepayments

Prepayments comprise prepayment of costs incurred relating to 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.

Dividends

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 under equity.

Corporation tax and deferred tax

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

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 measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with 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. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

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Accounting policies

Provisions

Provisions comprise anticipated costs of warranty claims and deferred tax. 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 outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at net realisable value or fair value if the obligation is expected to be settled in the distant future.

Warranties comprise obligations to make good any defects within the warranty period of 1-3 years. Provisions are measured at net realisable value and recognised on the basis of the Company's experience with warranties.

When it is probable that total costs will exceed total income from contract work in progress, the total projected loss on the work is recognised as a provision. The provision is recognised as production costs.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the 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 cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Finance lease obligations are recognised as financial liabilities at amortised cost.

Other liabilities are measured at net realisable value.

Prepayments

Deferred income comprises negative goodwill; see the description under consolidated financial statements, and payments received regarding income in subsequent years.

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

Accounting policies

Cash flow statement

The cash flow statement shows the Group'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 Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and divestment of entities is shown separately in cash flows from investing activities. Cash flows relating to acquired entities are recognised in the cash flow statement from the date of acquisition, and cash flows relating to divested entities are recognised up to the date of divestment.

Cash flows from operating activities

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

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

Cash flows from financing activities comprise purchase and sale of treasury shares, payments relating to increases or reductions in capital and related costs as well as payment of dividends to shareholders and raising and repayment of interest-bearing debt.

Cash and cash equivalents

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.

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

Accounting policies

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 2015".

The financial ratios have been calculated as follows:

Return on invested capital	$\frac{\text{Operating profit/loss x 100}}{\text{Average invested capital}}$
Invested capital	Operational intangible assets and property, plant and equipment as well as net working capital
Return on equity	$\frac{\text{Profit/loss from ordinary activities after tax x 100}}{\text{Average equity}}$
Solvency ratio	$\frac{\text{Equity ex. non-controlling interests at year end x 100}}{\text{Total equity and liabilities at year end}}$

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Income statement

DKK'000	Note	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Gross profit/loss		145,206	119,350	-115	-287
Staff costs	1	-129,783	-108,334	0	0
Amortisation of intangible assets	4	-4,594	-5,699	0	0
Depreciation on property, plant and equipment	5	-6,261	-2,121	0	0
Operating profit/loss		4,568	3,196	-115	-287
Financial income	2	2,530	2,556	82	125
Financial expenses		-1,953	-3,433	-446	-544
Profit/loss before tax		5,145	2,319	-479	-706
Tax on profit/loss for the year	3	-1,303	-1,183	122	155
Profit/loss for the year		3,842	1,136	-357	-551

Proposed profit appropriation/distribution of loss

	Parent Company 2015	Parent Company 2014
Dividend	0	0
Retained earnings	-357	-551
	-357	-551

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

Balance sheet

DKK'000	Note	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
ASSETS					
Non-current assets					
Intangible assets	4				
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	5				
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	6	0	0	89,979	94,436
		0	0	89,979	94,436
Total non-current assets		122,013	124,527	89,979	94,436
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
Receivables from group entities		0	0	431	2,961
Contract work in progress	7	33,566	23,308	0	0
Other receivables		2,700	2,144	0	0
Tax receivable		958	0	161	0
Tax assets	9	4,216	3,668	116	155
		106,023	94,126	708	3,116
Cash at bank and in hand		4,161	6,577	2	6,030
Total current assets		115,231	108,631	710	9,146
TOTAL ASSETS		237,244	233,158	90,689	103,582

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

Balance sheet

		Group		Parent Company	
DKK'000	Note	2015	2014	2015	2014
EQUITY AND LIABILITIES					
Equity					
Share capital	8	1,202	1,171	1,202	1,171
Retained earnings		82,986	77,456	77,486	76,924
Total equity		84,188	78,627	78,688	78,095
Provisions					
Provisions for deferred tax	9	7,655	6,307	0	0
Warranty provisions		7,858	6,838	0	0
Total provisions		15,513	13,145	0	0
Liabilities other than provisions					
Non-current liabilities other than provisions	10				
Mortgage credit institutions		14,637	13,880	0	0
Loan, credit institutions		4,000	12,000	4,000	12,000
Lease commitments		140	0	0	
		18,777	25,880	4,000	12,000
Current liabilities other than provisions					
Current portion of non-current liabilities	10	8,928	8,614	8,000	8,000
Bank loans and overdrafts		25,565	26,327	0	0
Prepayments received from customers	7	30,563	27,202	0	0
Trade payables		18,623	20,068	0	0
Payables to group entities		0	0	0	744
Accrued liability, acquisition subsidiary		0	0	0	4,456
Other payables		23,818	25,077	1	287
Deferred income	7	11,269	8,218	0	0
		118,766	115,506	8,001	13,487
Total liabilities other than provisions		137,543	141,386	12,001,	25,487
TOTAL EQUITY AND LIABILITIES		237,244	233,158	90,689	103,582

Contractual obligations, contingencies, etc.	11
Related party disclosures	12

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

Cash flow statement

DKK'000	Note	2015	2014
Profit for the year		3,842	1,136
Amortisation and depreciation		10,855	7,820
Financial income and expenses, net		-577	877
Tax on profit for the year		1,303	1,183
Cash generated from operations before changes in working capital, financial income/expenses and tax		15,423	11,016
Changes in working capital	13	-2,782	-10,944
Other adjustments		-746	-415
Financial income		2,530	2,556
Financial expenses		-1,672	-3,433
Corporation tax paid		-130	-878
Cash flows from operating activities		12,623	-2,098
Acquisition of entity		0	-104,979
Capitalisation of development costs		-7,896	-4,492
Acquisition of property, plant and equipment		-445	-384
Disposals of property, plant and equipment		118	0
Cash flows from investing activities		-8,223	-109,855
Increase in long-term bank loans and overdrafts		0	24,000
Cash from change in mortgage debt, net		1,312	0
Repayment of mortgage debt		-595	-826
Repayment of long-term debt		-8,000	-4,000
New leasing liability		419	0
Repayment of lease liabilities		-140	0
Increase in share capital		950	78,147
Acquisition of treasury shares		0	-798
Cash flows from financing activities		-6,054	96,523
Net cash flows from operating, investing and financing activities		-1,654	-15,430
Opening cash and cash equivalents, net		-19,750	-4,320
Closing cash and cash equivalents, net		-21,404	-19,750

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DKK'000	2015	2014
1 Staff costs (consolidated)		
Wages and salaries	110,446	95,878
Pensions	12,941	7,914
Other social security costs	6,396	4,542
	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 3,390 thousand).

2 Financial income (Parent Company)

Financial income from group entities totals DKK 82 thousand.

3 Tax on profit/loss for the year

DKK'000	Consolidated 2015	Consolidated 2014	Parent Company 2014	Parent Company 2014
Current tax for the year	253	443	0	0
Deferred tax adjustment for the year	1,050	740	-122	-155
	1,303	1,183	-122	-155

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Notes

4 Intangible assets

DKK'000	Goodwill	Finalised develop-ment projects	Develop-ment projects in progress	Total
	Consolidated			
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		7,988
Divested	0	-1,390		-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

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

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

5 Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Total
	Consolidated		
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	1,681	4,241
Carrying amount at 31 December 2015	19,440	2,538	21,978
Assets held under finance leases	0	315	315

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Notes

6 Investments in subsidiaries (Parent Company)

DKK'000	2015	2014
Carrying amount at 1 January	94,436	0
Additions upon acquisition of subsidiary including accrued liability	0	109,436
Adjustment received dividend exceeding earning after acquisition of subsidiary	0	-15,000
Adjustment of purchase price	-4,457	0
Carrying amount at 31 December	89,979	94,436

Name and registered office	Owner-ship	Equity	Profit/loss for the year
		DKK'000	DKK'000
Lyngsoe Systems A/S, Denmark	100%	14,579	3,244
Lyngsoe Systems Development, Romania	1%	2,441	3

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

DKK'000	2015	2014
7 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
Contract work in progress (liabilities)	-30,563	-27,202
	3,003	-3,894

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

Notes

8 Statement of changes in equity

	Consolidated			
DKK'000	Share capital	Retained earnings	Proposed dividends	Total
Equity at 1 January 2015	1,171	77,456	0	78,627
Shared capital increase	31	919	0	950
Transferred over the profit appropriation	0	3,842	0	3,842
Foreign exchange rates and other adjustments	0	769	0	769
Equity at 31 December 2015	1,202	82,986	0	84,188

	Parent Company			
DKK'000	Share capital	Retained earnings	Proposed dividends	Total
Equity at 1 January 2015	1,171	76,924	0	78,095
Shared capital increase	31	919	0	950
Transferred over the distribution of loss	0	-357	0	-357
Equity at 31 December 2015	1,202	77,486	0	78,688

Changes in the share capital since the establishment of the Company on 19 December 2013 are specified as follows:

DKK'000	2015	2014
Opening balance	1,171	500
Share capital increase	31	671
	1,202	1,171

The share capital is specified as follows:

Nom. A shares	1,073	1.062
Nom. B shares	129	109
	1,202	1,171

9 Deferred tax (consolidated)

Deferred tax assets mainly concern refund of amounts carried forward concerning development costs. Based on the 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.

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10 Liabilities other than provisions

Parent Company

DKK'000	Total debt at 31/12 2015	Repayment, initial year	Outstanding debt after 5 years
Other credit institutions	12,000	8,000	0
	12,000	8,000	0

Consolidated

DKK'000	Total debt at 31/12 2015	Repayment, initial year	Outstanding 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

11 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 surety 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 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 income subject to joint taxation or withholding taxes could result in an increased liability for the Company.

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

Notes

11 Contractual obligations, contingencies, etc. (continued)

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.

12 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:

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

Catacap K/S holds the majority of the share capital in the Company through CC Track Invest ApS.

DKK'000	2015	2014
13 Change in working capital (consolidated)		
Change in inventories	2,881	-186
Change in receivables	-133	-17,218
Change in work in progress	-7,207	-23,308
Change in prepayments received	3,361	7,121
Change in trade and other payables	-2,704	21,817
Change in warranty provision	1,020	830
	-2,782	-10,944