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Lyngsoe Systems Holding A/S

Annual report 2013/14
(1 July 2013 – 31 December 2014)

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

on May 13th 2015

Pers K. M. Andersen
chairman

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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 Lyngsoe Systems Holding A/S for the annual report for the financial year 1 July 2013 – 31 December 2014.

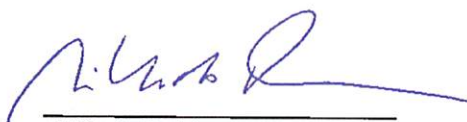
The annual report has been presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2014 and of the results of the Company's operations for the financial year 1 July 2013 – 31 December 2014.

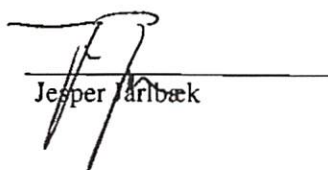
In our opinion, the Management's review includes a fair review of the development in the Company's operations and financial matters, results for the year and financial position.

We recommend that the annual general meeting approve.

Aars, 25 March 2015
Executive Board


Villads B. Thomsen

Board of Directors:


Jørgen Bardenfleth
Chairman
Vilhelm Hahn-Petersen
Finn H. Mathiassen
Peter Ryttergaard
Jesper Jarlbæk
Carsten N. Knudsen

Independent auditors' report

To the shareholders of Lyngsoe Systems Holding A/S

Independent auditors' report on the financial statements

We have audited the financial statements of Lyngsoe Systems Holding A/S for the financial year 1 July 2013 – 31 December 2014. The financial statements comprise accounting policies, income statement, balance sheet and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on the 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of 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 the financial statements.

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 financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2014 and of the results of the Company's operations for the financial year 1 July 2013 – 31 December 2014 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

Pursuant to 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 financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Aarhus, 25 March 2015

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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
Lyngsø Allé 3
DK-9600 Aars

Telephone: +45 96 980 980

CVR no.: 27 23 69 44
Established: 27 June 2003
Registered office: Vesthimmerland
Financial year: 1 January – 31 December

Board of Directors

Villads B. Thomsen

Executive Board

Jørgen Bardenfleth
Vilhelm Hahn-Petersen
Finn H. Mathiassen
Peter Ryttergaard
Jesper Jarlbæk
Carsten N. Knudsen

Auditors

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Bredskifte Allé 13
DK-8210 Aarhus V

Management's review

Operating review

Lyngsoe Systems Holding A/S is the intermediate holding company in the CC Track Holding A/S Group. It owns 99% of Lyngsoe Systems A/S, Denmark, and 1% of Lyngsoe Systems Development SRL, Romania. The only activity of the company is to possess these stocks.

In March 2014, Lyngsoe Systems Holding A/S and all affiliated subsidiaries were acquired by CC Track Holding A/S. CC Track Holding A/S is 79% owned by the private equity fund CataCap I K/S, whereas 15% is owned by a majority of the ceding company and 6 % by the group management.

Following the acquisition, a process to streamline the Group has been launched. As of December 22nd 2014 Lyngsoe Systems A/S was merged with the subsidiary Lyngsoe Library Systems A/S with retrospective effect as of July 1st 2013. Lyngsoe Systems A/S is the continuing company. The next planned step is to merge Lyngsoe Systems Holding A/S into Lyngsoe Systems A/S as the continuing company. When this merger has been completed, CC Track Holding A/S will be renamed Lyngsoe Systems Holding A/S. This is intended to take place during 2015.

For more information about the Group, reference is made to the accounts of the parent company CC Track Holding A/S.

As a consequence of the acquisition by CataCap, the current financial period covers 18 months in order to align the financial year with the calendar year. Figures for comparison have not been adapted but are based on earlier financial years as reported.

The gross profit was -110 thousand DKK (18 months) compared to -72 thousand DKK in the previous financial year.

Profit/Loss for the period was -6,402 thousand DKK (18 months) compared to 2,771 thousand DKK in the previous financial year, mainly due to impairment losses in subsidiaries.

Events after the Balance Sheet Date

After the end of the financial year on December 31st 2014 and until now we have seen no events that will alter the financial position of the Company or the Group in any substantial way.

Outlook

The management is planning to merge the Company with Lyngsoe Systems A/S, and subsequently the Company will cease to exist.

Financial statements 1 July 2013 – 31 December 2014

Accounting policies

The annual report of Lyngsoe Systems Holding A/S for 2013/14 has been prepared in accordance with the provisions applying to reporting class b under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements have been changed from the provisions applying to reporting class C medium sized enterprises under the Danish Financial Statements Act to the provisions applying to reporting class B under the Danish Financial Statements Act. The change has no financial influence on the financial statements.

In accordance with section 112 of the Danish Financial Statements Act, consolidated financial statements have not been prepared. The financial statements of Lyngsoe Systems Holding A/S and its subsidiaries are included in the consolidated financial statements of CC Track Holding A/S and CC Track Invest ApS.

As part of the change in ownership, the Company has changed its financial year end to 31 December. Because of this, the financial year under review covers a period of 18 months.

Income statement

Gross profit/loss

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

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.

Financial statements 1 July 2013 – 31 December 2014

Accounting policies

Balance sheet

Investments in subsidiaries

Balance sheet

Investments in subsidiaries are measured on the balance sheet at the proportionate share of the enterprises' net asset values calculated in accordance with the parent company's accounting policies minus or plus unrealised intra-group profits and losses and with the addition or deduction of positive or negative goodwill calculated in accordance with the transfer method.

Net revaluation of investments in subsidiaries is transferred to the reserve for net revaluation in equity according to the equity method to the extent that the carrying amount exceeds cost.

Receivables

Receivables are measured at amortised cost.

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.

Proposed dividends are recognised as a liability at the date when 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.

Liabilities other than provision

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



Financial statements 1 July 2013 – 31 December 2014

Accounting policies

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.

Financial statements 1 July 2013 – 31 December 2014

Income statement

DKK'000	Note	2013/14 (18 mos)	2012/13 (12 mos)
Gross profit/loss		-110	-72
Income from equity investments in subsidiaries		-6,223	3,073
Financial income	1	201	162
Financial expenses	1	-331	-147
Profit/loss before tax		-6,463	3,016
Tax on profit/loss for the year	2	61	-245
Profit/loss for the year		<u>-6,402</u>	<u>2,771</u>
 Proposed profit appropriation/distribution of loss			
Proposed dividends		0	0
Retained earnings		<u>-6,402</u>	<u>2,771</u>
		<u>-6,402</u>	<u>2,771</u>

Balance sheet

DKK'000	Note	2014	2012/13
ASSETS			
Investments			
Investments in subsidiaries	3	16,525	25,927
Total non-current assets		<u>16,525</u>	<u>25,927</u>
Current assets			
Receivables			
Receivables from group enterprises		0	5,218
Tax receivables		0	558
		<u>0</u>	<u>5,776</u>
Cash at bank in and in hand		<u>32</u>	<u>76</u>
Total current assets		<u>32</u>	<u>5,852</u>
TOTAL ASSETS		<u>16,557</u>	<u>31,779</u>

Financial statements 1 July 2013 – 31 December 2014

Balance sheet

DKK'000	Note	2014	2012/13
EQUITY AND LIABILITIES			
Equity			
Share capital	4	1,200	1,200
Retained earnings		10,219	24,857
Total equity		11,419	26,057
Provisions			
Deferred tax		214	214
Total provisions		214	214
Liabilities other than provisions			
Current liabilities other than provisions			
Payables to group enterprises		4,883	5,452
Other payables		41	56
Total liabilities other than provisions		4,924	5,508
TOTAL EQUITY AND LIABILITIES		16,557	31,779
Contingencies liabilities.	5		
Related party disclosures	6		

Financial statements 1 July 2013 – 31 December 2014

1 Financial income and expenses

Financial income from group enterprises totalled DKK 201 thousand (2012/13: DKK 0 thousand).

Financial expenses to group enterprises totalled DKK 125 thousand (2012/13 DKK 0 thousand).

DKK'000	2013/14 (18 mos)	2012/13 (12 mos)
2 Tax for the year		
Adjustment for the year of deferred tax	0	245
Adjustment of the prior year	-61	0
	<u>-61</u>	<u>245</u>

3 Investment in subsidiaries

DKK'000	Subsi- diaries
Cost at 1 July 2013	26,868
Additions	0
Disposals	0
Cost at 31 December 2014	<u>26,868</u>
Value adjustments at 1 July 2013	-941
Distributed dividends	-9,944
Equity adjustments in subsidiaries	6,765
Profit/loss for the year	<u>-6,223</u>
Value adjustments at 31 December 2014	<u>-10,343</u>
Carrying amount at 31 December 2014	<u>16,525</u>

Financial statements 1 July 2013 – 31 December 2014

Notes

3 Investment in subsidiaries - continued

Name and registered office	Stake	Share capital	Equity	Profit/loss for the year	Carrying amount
		DKK'000	DKK'000	DKK'000	DKK'000
Lyngsoe Systems A/S, Denmark	99%	2.689	16.593	-6.274	16.498
Lyngsoe Systems Development SRL, Romania	1%	110	2.668	1.555	27
			19.261	-4.719	16.525

4 Statement of changes in equity

DKK'000	Share capital	Retained earnings	Proposed dividends	Total
Equity at 1 July 2013	1.200	24.857	0	26.057
Distributed extraordinary dividends	0	-15.000	0	-15.000
Equity adjustments in subsidiaries	0	6.764	0	6.764
Transferred, see the profit appropriation/distribution of loss	0	-6.402	0	-6.402
Equity at 31 December 2014	1.200	10.219	0	11.419

5 Contingent liabilities

A deed registered to the bank of DKK 2,198 thousand secured on 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 surety on behalf of Lyngsoe Systems A/S for all debt to Nordea Bank.

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

The Company is part of a joint VAT registration with Lyngsoe Systems A/S. The Company is jointly and severally liable with Lyngsoe Systems A/S of VAT and duties in both companies.

The Company is jointly taxed with other Danish companies in the Group. As the administrative company, together with the subsidiaries, the Company has unlimited joint and several liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties under

Financial statements 1 July 2013 – 31 December 2014

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the joint taxation scheme. Any subsequent corrections of the taxable jointly taxed income or withholding taxes, etc., may entail an increase in the Company's liability.

6 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 Holding A/S, Øster Allé 42, 7, DK-2100 Copenhagen Ø.

CataCap K/S holds the majority of the share capital in the Company through CC Track Holding A/S.