


ProInvent A/S Teknologiudvikling

Lyngsoe Allé 3
2970 Hoersholm
Central Business Registration No
14248994

Annual report 2016/17

The Annual General Meeting adopted the annual report on 29.01.2018

Name



Name: Svend Bang Christiansen

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Entity details

Entity

ProInvent A/S Teknologiuudvikling
Lyngsoe Allé 3
2970 Hoersholm

Central Business Registration No: 14248994
Registered in: Hoersholm
Financial year: 01.10.2016 - 30.09.2017

Phone: +454576001
Fax: +454576002
E-mail: Mail@proinvent.dk

Board of Directors

Svend Bang Christiansen, chairman of the board
Leif Dalum
Peter Richo Ahlberg
Per Hessen-Schmidt
Michael Adam Graczykowski
Rasmus Trampedach Mortensen, staff-elected representative

Executive Board

Leif Dalum, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of ProInvent A/S Teknologiuudvikling for the financial year 01.10.2016 - 30.09.2017.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.09.2017 and of the results of its operations for the financial year 01.10.2016 - 30.09.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Hoersholm, 29.01.2018

Executive Board

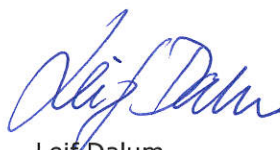


Leif Dalum
CEO

Board of Directors



Svend Bang Christiansen
chairman of the board



Leif Dalum



Peter Richo Ahlberg



Per Hessen-Schmidt



Michael Adam Graczykowski



Rasmus Trampedach Mortensen
staff-elected representative

Independent auditor's report

To the shareholders of ProInvent A/S Teknologiuudvikling

Opinion

We have audited the financial statements of ProInvent A/S Teknologiuudvikling for the financial year 01.10.2016 - 30.09.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.09.2017 and of the results of its operations for the financial year 01.10.2016 - 30.09.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 29.01.2018

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556



Keld Juel Danielsen

State Authorized Public Accountant

Management commentary

Primary activities

The Management Commentary covers the activities in the company ProInvent A/S teknologiuudvikling, hereafter ProInvent.

ProInvent's business is built on the basis of engineering-, consulting-, and machine building business in the field of development and realization of production machines and integrated product development.

ProInvent is an innovative company, and our business is based on identifying, organizing and completing technology- and integrated product development projects, primarily for pharmaceutical- and medico companies as well as for a wide range of industrial companies.

ProInvent's customers are all leading companies in their field. Most customers have intensive research-, development-, and market activities which have made them internationally leading companies. All ProInvent's customers benefit from highly automated production systems, and some customers combine this with global production. ProInvent's premises are strategically well-chosen in the north of Zealand, close to many of our customers' development centers.

Learn more about ProInvent at: www.ProInvent.dk

ProInvent specializes in development and realization of high performance production equipment, integrated product development, and industrial automation.

ProInvent is a specialist in issues concerning automation of "particularly complicated automation processes" in the field of development and realization of special production equipment. The completed projects have resulted in great efficiency gains for ProInvent's customers and increased their competitiveness.

Development in activities and finances

Management Group

CEO, M.Sc. and main owner Leif Dalum
Head of Project Management and Partner, Peter Rico Ahlberg
Technical Manager and Partner, Michal Graczykowski
Finance Manager, HD-R, Erik Refslund
Group Manager, Control Systems, Nicolai Hanssing
Project Manager and Expert in Machinery Safety, Morten Ellekær Troidtoft
Project Manager and Expert in FDA requirements and Validation, Hashim Dad Malik
Junior Sales- and Project Manager, Mohammed Sharif
Group Manager, Machine Design, Rasmus Mortensen
Head of Assembly Department, Lasse Jensen

Competences and know-how in technology development

ProInvent's employees are highly educated specialists with engineering background. In the fiscal year ProInvent has in average had 21 employees – as in the previous year. Most employees are Masters of Science in Engineering, M.Sc., Machine Engineers, Machine Designers, Control System Engineers, and Machine Fitting

Management commentary

Specialists. ProInvent currently hires a varying number of freelance experts in order to help out executing the many orders.

During the year ProInvent's employees have updated their knowledge, participating in external courses as well as internal education in the following fields: Quality Management, Plan Based Project Management, GMP, pFMECA-analyses, Validation, PLC-Programming, Programming of PC-based Control, Robot Programming, Fieldbus, HMI, OEE-Measurement, Servo Systems, Office, Creo Parametric, INVENTOR, Risk Analyses, CE Marking, Interpersonal Development, and Sales Excellence.

ProInvent's documented quality assurance system complies with GAMP 5, and we have extended the system with an internal learning program in GMP and validation. The project model described in GAMP 5 is an integrated part of ProInvent's everyday life.

Co-operation with Technical University of Denmark (DTU)

ProInvent co-operates with DTU, Department of Mechanics, Energy and Construction concerning "Design for Manufacturing" and Construction, and DTU Electro concerning control systems, and robot technology.

Co-operation with Videometer

ProInvent offers to take the total responsibility for projects with automatic inspection, sorting, and packaging in a co-operation with Videometer or other vision suppliers.

Development in Activities

ProInvent has had a busy 2017 creating lots of new customer projects. As many times before leading production companies have chosen us to be their technological cooperation partner, and we know that our longstanding customer relations shall be seen in the light that year by year we add good benefits to our customers, and we always deliver at competitive prices. At the moment we have just completed or are about to complete important projects for Novo Nordisk A/S, Bavarian Nordic A/S, Novozymes A/S, University of Copenhagen, Copenhagen Fur, Coloplast A/S, IMV Technologies in France, Radiometer in Stargard, Poland and Brønshøj, and Haldor Topsøe/ Umicore Catalyst in Tianjin, China, Frederikssund and Houston, Texas.

We have geared ourselves to projects in the GMP- and GAMP environment, and this has resulted in a higher project portfolio from the pharmaceutical- and medico technical industries, and this means that we continually make ourselves acquainted with each single customer's QMS structure and perform the necessary documentation which provides the basis for easy-going performance of qualification and validation.

Since beginning of 1994 and until September 30th 2017 ProInvent has totally performed 741 customer projects which corresponds an average of approx. 31 customer projects annually. It's a mix of large scale epoch-making projects, medium scale projects with serious challenges and minor projects. In the fiscal year 2016/17 ProInvent has performed 47 customer projects vs. 29 the year before. Some of ProInvent's projects are confidential or partly confidential. ProInvent has obtained permission to mention the following projects:

Management commentary

Kopenhagen Fur

Through the last year ProInvent has delivered 5 skin feeder systems for vacuum pack to Kopenhagen Fur in Glostrup. Once again Kopenhagen Fur is an innovative front runner, and they are now – as the very first company in the world – vacuum packing the final sorted skins into big plastic bags, before they are packed in cardboard boxes. Starting this season all mink skins are being vacuum packed which protects the skins against vermin, beetles, humidity, and weather. Further this method reduces the size of a skin lot, eases the handling, and minimizes the freight costs. 5 new systems take care of the packaging and all systems consist of skin feeders, flow packages, carton erecting machines, and conveyor / carton closers, and this equipment was delivered by respectively ProInvent, Selo, Avercon, and InterSystem. ProInvent's systems feed the skins, and on their way to the flow packers they are passing a barcode scanner, reading each talon. The codes are then sent from the PLC to the CPI ClientSystem, which among others links the codes to the cartons and ensures via signal back to the PLC that the right skins are in the right cardboard boxes. This ensures individual settlement to the breeders for each single skin. The CPI ClientSystem is developed by PCSYS. All suppliers work together internally and work closely with Kopenhagen Fur who is leading the activities. ProInvent has performed CE marking of the integration of all the machines in the plants.

The development of these machines started 2 years ago, and Kopenhagen Fur has recently inaugurated the plant. Through 22 years ProInvent has continuously developed and delivered production equipment and automation to Kopenhagen Fur, and we expect this to continue the years to come.

With a market share of 60% Kopenhagen Fur is the global center for trade of mink skins, and Kopenhagen Fur's sorting premises extend over 100,000 square meters where in the current season approx. 30 million mink skins will be quality sorted.

Radiometer Medical ApS in Brønshøj and Radiometer Solutions in Stargard, Poland

Last year ProInvent delivered a newly developed production line to Radiometer Solutions in Stargard, Poland. The plant is a filling line with a filling station, which weighs out solution on bottles, an assembly machine which assembles a discharge system in the bottles, a welding station where the bottles are sealed, and a label station that dispenses and quality controls labels. The production line is working with high precision concerning filling volume, high speed, good stability, and automatic change over to various variants. When operator chooses a recipe the PLC control automatically prepares production of the chosen product. All together this leads to high output capacity. Subsequently ProInvent has also delivered a filling station to Radiometer Medical ApS in Brønshøj. ProInvent has just received orders from Radiometer for development and delivery of two assembly machines.

Umicore has acquired our customer Haldor Topsoe Automotive Catalyst Co.

From June 2017 – and with final effect December 1st 2017 – Umicore has acquired a part of Haldor Topsoe's former company, including Haldor Topsoe Automotive Catalyst Co. which again includes the P3 factory in Frederikssund, the new factory in Tianjin (China), part of the factory in Houston (Texas), the factory in Joinville (Brazil), and Automotive R&D facilities in Lyngby, and thus one of ProInvent's major customers got

Management commentary

a new name at the end of 2017. Through 11 years ProInvent has worked closely together with this business unit concerning development and delivery of prototypes and efficient manufacturing equipment for catalysts which reduce emissions from energy efficient diesel engines.

ProInvent has through 2017 had many activities at Haldor Topsøe – especially in Frederikssund – where ProInvent has performed CE marking of the assembly of all machines, and has been in charge of a large part of the optimization and service of the operations. ProInvent has during 2017 upgraded equipment at the factory in Tianjin, so now they are able to produce several sizes of catalysts. We have great respect for the product that Haldor Topsøe has developed and the associated new effective production equipment based on special machines, process equipment, robots, and vision systems for quality control. ProInvent sees great potential in the new constellation with Umicore.

Umicore is a global company with more than 10,000 employees, and focus is on application fields where expertise in materials science, chemistry and metallurgy makes a real difference. The activities are organized in three groups: Catalysts, Energy- and Surface Technologies, and Recycling.

IMV Technologies in France

Our cooperation with IMV Technologies in France is close and good. We are now in full production and have until now delivered 40 ProSorters. ProInvent delivers the whole package, for example Serial Production, Testing, Enrollment, Shipping, Service and Support, Further Development and Software Upgrade in collaboration with Videometer.

The goal of the development is to achieve even higher sorting speed, embedding a smaller computer and optimize software, servo- and valve systems.

The ProSorter machines completely replace manual egg sorting, reduce labor costs and provide a consistent egg quality, which provides the basis for better standardization of egg quality for breeding.

The ProSorter machines take 4 images with backlight from different directions of each individual egg, analyze the images, remove the unwanted eggs with air pressure and softly remove the good eggs with water. All non-viable eggs are removed. These are unfertile eggs, small-eyed eggs, undersized eggs, oversized eggs and pale eggs.

Collaboration in the business line

In order to be able to perform the large scaled projects ProInvent works together with other companies in the business line, such as suppliers of automation, electricity- and mechanical assembly, conveyor systems, and standard machines. ProInvent aims at a balance between large scale, medium, and small projects since this makes the coordination of resources easier.

Development in activities and finances

- Gross profit amounts to DKK 13,563.858 vs. DKK 14,606.552 the year before.

Management commentary

- Profit/loss before tax amounts to DKK 1,229.559 vs. DKK 390,674 the year before.
- The Profit for the year after tax amounts to DKK 1,095.302 vs. DKK 307,408 the year before.
- Contributed capital amounts to DKK 845,600, same amount as the year before.
- Equity amounts to DKK 4,831.416 vs. DKK 4,486.114 the year before.

It is expected to be decided at the Annual General Assembly on January 29th 2018 to pay ordinary dividend DKK 500,000 vs. DKK 750,000 the year before. After payout of ordinary dividend, equity amounts to DKK 4,331.416.

Total assets amount to DKK 11,961.416 vs. DKK 15,117.000 the year before.

ProInvent's solvency ratio is 40%, and management considers this highly satisfactory.

It is the management's opinion that the financial statement gives a true and fair view of the company's financial position at September 30th 2017 and of the results of the company's operations during the financial year October 1st 2016 – September 30th 2017.

Assessment of the profit

ProInvent's activity level reflected in the gross profit is satisfactory. The high level of activities is due to the fact that similar to former years ProInvent's employees have contributed a special commitment throughout the year, and this has resulted in well-solved projects and satisfied customers.

Profit of the year is less than expected, but satisfactory.

The expected development in activities and earnings

Through many years ProInvent has worked targeted to streamline our project implementation which has created a huge competitive advantage for us and permanently leads to new exiting projects. Therefore order intake is satisfactory.

Most of our customers are large, well-reputed companies which are considered having good payability and credit-worthiness. We have ongoing credit-evaluations of customers which minimize the credit risk.

Management expects the new fiscal year will achieve a high activity level too, and higher earnings level than the year before.

Bank Connection

ProInvent's bank connection is Danske Andelskassers Bank A/S (DAB). As in previous years DAB has been a good partner concerning financing of ProInvent's operations. DAB has contributed making bank guarantees on some of our major projects.

Management commentary

Ownership

ProInvent was established in 1994 by M.Sc. Leif Dalum, who is the owner of ProInvent Group Holding A/S. ProInvent Group Holding A/S owns approx. 97% of ProInvent. Head of Project Management, Peter Rico Ahlberg owns currently 2.1% of ProInvent, and Technical Manager Michal Graczykowski owns currently 0.7% of ProInvent.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2016/17

	<u>Notes</u>	<u>2016/17 DKK</u>	<u>2015/16 DKK'000</u>
Gross profit		13.563.858	14.604
Staff costs	1	(12.738.530)	(13.826)
Depreciation, amortisation and impairment losses	2	(247.358)	(260)
Operating profit/loss		577.970	518
Income from investments in group enterprises		645.491	0
Other financial income		198.224	187
Other financial expenses		(192.126)	(314)
Profit/loss before tax		1.229.559	391
Tax on profit/loss for the year	3	(134.257)	(84)
Profit/loss for the year		1.095.302	307
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		500.000	750
Retained earnings		595.302	(443)
		1.095.302	307

Balance sheet at 30.09.2017

	<u>Notes</u>	<u>2016/17 DKK</u>	<u>2015/16 DKK'000</u>
Completed development projects		0	15
Intangible assets	4	0	15
Other fixtures and fittings, tools and equipment		287.753	385
Property, plant and equipment	5	287.753	385
Investments in group enterprises		2.603.500	2.604
Receivables from group enterprises		4.789.775	4.874
Other receivables		203.937	185
Fixed asset investments	6	7.597.212	7.663
Fixed assets		7.884.965	8.063
Trade receivables		3.129.687	3.982
Receivables from group enterprises		390.350	264
Other receivables		897	1
Prepayments		554.085	419
Receivables		4.075.019	4.666
Cash		1.432	2.388
Current assets		4.076.451	7.054
Assets		11.961.416	15.117

Balance sheet at 30.09.2017

	<u>Notes</u>	<u>2016/17 DKK</u>	<u>2015/16 DKK'000</u>
Contributed capital		845.600	846
Retained earnings		3.485.816	2.891
Proposed dividend		500.000	750
Equity		4.831.416	4.487
Deferred tax		1.159.092	1.255
Provisions		1.159.092	1.255
Income tax payable		229.891	29
Non-current liabilities other than provisions		229.891	29
Bank loans		2.077.280	5.184
Prepayments received from customers	7	544.272	1.352
Trade payables		1.428.003	657
Other payables		1.691.462	2.153
Current liabilities other than provisions		5.741.017	9.346
Liabilities other than provisions		5.970.908	9.375
Equity and liabilities		11.961.416	15.117
Contingent liabilities	8		
Mortgages and securities	9		
Related parties with controlling interest	10		

Statement of changes in equity for 2016/17

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	845.600	2.890.514	750.000	4.486.114
Ordinary dividend paid	0	0	(750.000)	(750.000)
Profit/loss for the year	0	595.302	500.000	1.095.302
Equity end of year	845.600	3.485.816	500.000	4.831.416

Notes

	2016/17	2015/16
	DKK	DKK'000
1. Staff costs		
Wages and salaries	12.639.960	13.739
Other social security costs	98.570	87
	12.738.530	13.826
Average number of employees	21	21

	2016/17	2015/16
	DKK	DKK'000
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	15.280	15
Depreciation of property, plant and equipment	232.078	245
	247.358	260

	2016/17	2015/16
	DKK	DKK'000
3. Tax on profit/loss for the year		
Tax on current year taxable income	229.891	29
Change in deferred tax for the year	(95.634)	55
	134.257	84

	Completed develop- ment projects DKK
4. Intangible assets	
Cost beginning of year	76.400
Cost end of year	76.400
Amortisation and impairment losses beginning of year	(61.120)
Amortisation for the year	(15.280)
Amortisation and impairment losses end of year	(76.400)
Carrying amount end of year	0

Notes

	Other fixtures and fittings, tools and equipment DKK
5. Property, plant and equipment	
Cost beginning of year	2.740.103
Additions	134.727
Disposals	(250.000)
Cost end of year	2.624.830
Depreciation and impairment losses beginning of the year	(2.354.999)
Depreciation for the year	(232.078)
Reversal regarding disposals	250.000
Depreciation and impairment losses end of the year	(2.337.077)
Carrying amount end of year	287.753

	Investments in group enterprises DKK	Receivables from group enterprises DKK	Other receivables DKK
6. Fixed asset investments			
Cost beginning of year	2.603.500	4.873.706	184.923
Additions	0	0	19.014
Disposals	0	(83.931)	0
Cost end of year	2.603.500	4.789.775	203.937
Carrying amount end of year	2.603.500	4.789.775	203.937

Receivables from group enterprises include receivables from the parent company. Repayment including repayment rate of the receivable depends on the dividends paid to the parent company.

	Registered in	Corpo- rate form	Equity inte- rest %	Equity DKK	Profit/loss DKK
Investments in group enterprises comprise:					
Videometer A/S	Hoersholm	A/S	51,0	7.690.484	762.357

Notes

7. Prepayments received from customers

The sales value of contract work in progress totals of 18.114 t. DKK. Simultaneously with 18.659 t. DKK invoiced on account, leaving the net value of contract work in progress to (545) t. DKK.

8. Contingent liabilities

The Entity is liable of six months' rent to its landlord of approximately 518 t. DKK.

The Entity participates in a Danish joint taxation arrangement in which ProInvent Group Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore alternatively liable from the financial year 2013 for income taxes etc for the jointly taxed entities, but only for the share by which the Entity is included in the Group, and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

9. Mortgages and securities

Debt from the Parent Entity ProInvent Group Holding A/S to Danske Andelskassers Bank is secured by guarantee of payment given by the Entity.

The Entity has given company pledge to Danske Andelskassers Bank of 8.000 t. DKK.

Bank guaranties

The contract work in progress is secured by a Bank Guaranty of 176 t. DKK.

10. Related parties with controlling interest

Related parties with controlling interest on ProInvent A/S Teknologiuudvikling:

ProInvent Group Holding A/S, Hoersholm

Leif Dalum, CEO

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income and gains from the sale of intangible assets and property, plant and equipment.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Accounting policies

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises dividend etc received from the individual group enterprises in the financial year.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling

Accounting policies

the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	5-10 years
IT	3-5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are measured at cost and are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Accounting policies

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax