Medicom Innovation Partner a/s

Annual Report 2015

1 January 2015 - 31 December 2015

The Annual Report was presented
and adopted at the Annual General
Meeting of the Group
on 30 / 5 2016

Chairman, Mads Andersen

CVR No 24053415

Contents

Financial Highlights

Consolidated statement

(DKK million)	2011 1/1 - 31/12	2012 1/1 - 31/12	2013 1/1 - 31/12	2014 1/1 - 31/12	**2015** **1/1 - 31/12**
Profit/loss					
Revenue	59	69	98	125	**146**
Operating profit/loss before depreciation (EBITDA)	-5	8	11	14	**7**
Operating profit/loss before depreciation and cost related to an exit transaction process (EBITDA)	-5	8	11	14	**20**
Operating profit/loss (EBIT)	-10	5	8	11	**1**
Net financials	-1	-1	-1	-1	**0**
Operating profit/loss before tax (EBT)	-11	4	7	10	**1**
Net profit/loss for the period after tax	-11	4	12	11	**-2**
Balance sheet					
Balance sheet total, year end	40	34	55	57	**81**
Share capital	17	17	17	17	**17**
Equity, year end	-4	0	12	23	**21**
Equity and subordinate loan, year end	6	11	16	26	**21**
Cash flows for the year	13	9	7	-8	**21**
Hereof cash flows from:					
Operating activities	6	12	16	-3	**34**
Investing activities	2	-2	-1	-3	**-9**
- incl investments in intangible assets	0	-1	0	-2	**-8**
- incl investments in property, plant & equipment	0	-1	-1	-1	**-1**
Financing activities	5	-1	-9	-1	**-4**
Ratios					
Profit margin, %	-16,9	7,4	8,0	8,6	**1,0**
Return on assets, %	-25,0	14,9	20,2	22,3	**2,0**
Return on invested capital exclusive of goodwill, %	-12,6	54,3	126,3	104,2	**65,6**
Liquidity ratio	0,8	0,9	1,0	1,3	**1,1**
Equity ratio, %	-10,9	0,5	22,2	39,9	**26,2**
Equity ratio, incl. subordinate loan, %	15,4	31,6	28,6	46,0	**26,2**
Financial gearing	-5,9	105,9	0,4	0,4	**0,0**
Revenue/invested capital exclusive of goodwill	3,3	5,5	20,1	5,5	**6.154,7**

Definition of Financial Ratios

Profit margin:	$\dfrac{\text{Operating profit/loss x 100}}{\text{Revenue}}$
Return on assets:	$\dfrac{\text{Operating profit/loss x 100}}{\text{Average operating assets}}$
Return on invested capital excl goodwill	$\dfrac{\text{Operating profit/loss before depreciation and goodwill amortisation}}{\text{Average invested capital excl goodwill}}$
Liquidity ratio:	$\dfrac{\text{Current assets}}{\text{Current liabilities}}$
Selv-financing ratio	$\dfrac{\text{Equity end of year x 100}}{\text{Liabilities and equity end of year}}$
Selv-financing ratio, incl subordinate loan:	$\dfrac{\text{Equity end of year incl subordinate loan x 100}}{\text{Liabilities and equity end of year}}$
Financial gearing	$\dfrac{\text{Net interest-bearing debt end of year}}{\text{Equity end of year}}$
Revenue/invested capital excl goodwill	$\dfrac{\text{Revenue x 100}}{\text{Average invested capital excl goodwill}}$

Board of Directors and Executive Board, etc

Medicom Innovation Partner a/s
CVR No 24053415

Country of registration	Denmark
Board of Directors	Mads Andersen (Chairman) Peer Nørkjær (Vice-Chairman) Alejandra M.C.B. Mørk Nicholas Hughes
Executive Board	Morten Nielsen (CEO)
Main bankers	Jyske Bank
Main office	Medicom Innovation Partner a/s Gimsinglundvej 20 DK-7600 Struer
Main activity	Medicom Innovation Partner a/s develops and manufactures medical devices
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
Ownership	Equity Datterholding 11 ApS, Copenhagen K, Denmark. Ownership share: 90% Equity Datterholding 11 ApS is part of the Private Equity fund LD Equity 2 K/S. Morten Nielsen Lyngby, Denmark Ownership share: 5% LYNI Invest Holding ApS Lyngby, Denmark Ownership share: 5%

Management's Review

Medicom Innovation Partner develops and produces innovative drug delivery devices and connected health services. The Group is contracted to develop and produce these products on behalf of global customers and does not market own products. The Group's business is thus combined by an innovation business (strategy, feasibility and development projects) and a production business. The products developed and produced are characterized by being highly innovative in respect to design, user-friendliness, functionality and safety and are as such aiming for the high-end segment of the market.

Development in activities and financial circumstances
In the period 1 January - 31 December 2015, the Group's revenue amounted to DKK 146.5 million compared with 125.0 million in the previous year, up by DKK 21.5 million, or an increase of 17%.
This increase is driven by a solid growth in the innovation business as Medicom Innovation Partner has signed a number of new contracts for developing state of the art devices for our customers. The development in revenue is very satisfactory and exceeds the expectations for the year.

The operating profit before depreciation (EBITDA) is highly influenced by the provisional cost related to an exit transaction process (DKK million):

	2015	2014
The operating profit before depreciation (EBITDA)	7.4	14.3
Cost related to an exit transaction process	12.5	0.0
Operating profit before depreciation and cost related to an exit transaction process (EBITDA)	19.9	14.3

Operating profit/loss before depreciation and cost related to an exit transaction process (EBITDA) amounted to DKK 19.9 million is an increase of DKK 5.6 million or 39.1 % compared with last year

The increase is driven by a profitable project and production portfolio and a satisfactory utilization of resources and production capacity. The Group have above that continued with a firm cost control closely aligned to our activity level. The development in profit is very satisfactory.

The strong financial performance in 2015 have consolidated and expanded the overall financial position and creates a strong foundation going forward.

In line with expectations, the Group again in 2015 delivered a significant operation cash flow. Even though the Group invested significantly and repaid the subordinated loan, the total cash flow was positive for 2015 with DKK 20.7 million.

The Group will continue to develop and execute the focused strategy within the high-end segment of drug delivery devices and connected health and will continue to grow both the projects and production business - as the two businesses are closely linked in the Group's market focus. The Group expects to continue improving both market position but certainly also the financial position.

Research and development activities
The Group has no research activities.
The Group has continued to expand its portfolio of proprietary technology accelerators and IP positions.
For product development and development of production facilities and processes, a total of DKK 14.4 million was paid during the year compared with DKK 12.6 million for 2014. Of the DKK 14.4 million, DKK 0 has been capitalised in 2015 against DKK 0 million in 2014. Development costs for the year are therefore recognised in the income statement at DKK 14.4 million for the year against DKK 12.6 million in 2014. The development activities are expected to be continued at a little lower level in the coming year.

Significant post balance sheet events

The shareholders of the company has started up an exit transaction process. Otherwise, from the balance sheet date until today, no events have occurred which significantly affect the assessment of the Annual Report.

Expected development

The Group‘s financial development is as always dependent on the expected orders and their timing. Sales of contracted innovation projects as well as production of customers' product solutions are though expected to be at a higher level in 2016 than in 2015. The Group continue the growth from previous years both in Denmark and via the newly opened office in Cambridge in the United Kingdom. Costs remain in good control. The Group therefore expects operating results in 2016 will increase compared to 2015.

The Group's capital structure

The Group has restored equity and will continue to secure a sound financial structure based on the Group's expected profits in the coming years.
The Group has paid back the remaining subordinated loan capital of DKK 3.5 million in 2015.

Quality management

Medicom Innovation Partner's quality management system supports the Group's development and manufacture of medical devices for drug dosing and administration, devices for diagnostic systems as well as connected health systems. The quality management system is designed so as to form the basis of certification under DS/EN ISO 9001:2000, DS/EN ISO 13485:2012 and ISO 14001:2004, respectively. The quality management system is in accordance with the national implementation of the directive for medical devices, 93/42/EEC, and moreover contains elements which ensure compliance with the requirements of FDA's 21CFR820 Quality System Regulation, Japan Quality Management System Compliance MHLW Ordinance No. 169.

Intellectual capital resources

The Group's present and future business is based on the development and manufacture of highly innovative medical devices and services.

Medicom Innovation Partner focuses on maintaining and developing the competences, which are the core of the Group's innovation capacity. In practice, this means that Medicom Innovation Partner is constantly exploring new opportunities.

Innovative environment

Medicom Innovation Partner has for many years given high priority to innovation. Innovation is based on the Group's vision and is incorporated in the corporate culture and the Group's values.

The Group has a well-founded corporate culture. This means that the employees have a natural passion for innovation and are dedicated to creating ”the world's most effective and unique drug delivery devices and connected health solutions”.

Cooperation with universities:

Cooperation with knowledge centres, including universities, is a natural part of our work and an important factor in the further development of our core competences. Medicom Innovation Partner has a long tradition of this and cooperates with leading universities. The development engineers participate in for instance relevant professional networks and conferences.

Cooperation with suppliers

Medicom Innovation Partner cooperates with some of the world's best suppliers in a number of areas in which the Group does not itself have the necessary knowledge and competence. Not only do these partners provide components to Medicom Innovation Partner, they also provide knowledge and competence for the development of the products. Furthermore, Medicom Innovation Partner benefits from having very competent customers – typically the large pharmaceutical companies – which have considerable knowledge resources which are also of benefit to Medicom Innovation Partner through cooperation in joint development projects

Corporate social responsibility and environment

Medicom Innovation Partner is aware of its corporate social responsibility, which is expressed partly in the Group's actions towards its own employees, and partly in its actions towards other stakeholders. Medicom Innovation Partner's policies in the area are an integrated part of the Group's staff policy, Quality Management System and other systems and, among other things, address harassment, discrimination and mobbing in the workplace as well as unethical business behaviour, bribery, corruption, etc. Medicom Innovation Partner has also communicated a whistle-blower policy to ensure that any inexpediency is identified and brought to an end.

Our customers and partners regularly evaluate Medicom Innovation Partner's status toward corporate social responsibility.

Medicom Innovation Partner's environmental policy, which is certified according to ISO 14001:2004, contributes to ensuring that the Group meets its social responsibility.

Environmental policy

Medicom Innovation Partner wants its name to be associated with quality. We want our customers to contract our services based on confidence in us in respect of us making intelligent decisions on their behalf – also in respect of environmental issues.

Any human behaviour has an impact on the surroundings. Medicom Innovation Partner is constantly working on reducing the environmental impact and creating balance between this impact and the consideration for the performance characteristics of our products, finances, lifetime and aesthetics. We wish to contribute to a globally sustainable development and consider our activities in a lifecycle perspective. The Group is thus considering environmental effects and seeks to minimise the negative effects:

- Throughout the development (idea, design and engineering)
- When selecting raw materials
- During manufacturing – and also when optimising procedures
- Concerning Transport
- During use and disposal of our solutions

We always enter into dialogue with the supervising authorities to find the best solutions and in this way limit the pollution as far as possible.

We emphasise the consideration for the immediate environment and for a safe and healthy working environment for our employees. Our focus is on improving both the physical and the mental working environment.

When choosing suppliers, we ensure that these have an appropriate environmental behaviour and approach. We wish to have an ongoing dialogue with any supplier on creating good environmental conditions in the part of the lifecycle of the product for which we are responsible.

It is Medicom Innovation Partner's opinion that the Group's policies and certification in 2015 have contributed to ensuring that Medicom Innovation Partner fully complies with its environmental responsibility, which is also expected to be the case in future.

Management's Statement

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of Medicom Innovation Partner a/s for the financial year 1 January - 31 December 2015.

The Annual Report is prepared in accordance with the International Financial Reporting Standards as adopted by the EU. Moreover, the Annual Report is prepared in accordance with additional Danish disclosure requirements according to the Danish Financial Statements Act.

In our opinion, the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2015 of the Company and Group and of the results of the Company and Group's operations and cash flows for 2015.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Company and Group, of the results for the year and of the financial position of the Company and Group as well as a description of the most significant risks and elements of uncertainty facing the Company and Group.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen 12/5 2016

Executive Board

Morten Nielsen
CEO

Board of Directors

Mads Andersen Chairman	Peer Nørkjær Vice- Chairman	Alejandra M.C.B.Mørk	Nicholas Hughes

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Copenhagen 12 / 5 2016

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Copenhagen / 2016

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Morten Nielsen
CEO

Board of Directors

Nick Hughes
10/5/16

Mads Andersen Chairman	Peer Nørkjær Vice- Chairman	Alejandra M.C.B.Mørk	Nicholas Hughes

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Copenhagen / 2016

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Morten Nielsen
CEO

Board of Directors

Mads Andersen Chairman	Peer Nørkjær Vice- Chairman	Alejandra M.C.B.Mørk	Nicholas Hughes

Independent Auditor's Report

To the Shareholders of Medicom Innovation Partner a/s

Report on Consolidated Financial Statements and Parent Company Financial Statements

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Medicom Innovation Partner a/s for the financial year 1 January to 31 December 2015, which comprise income statement, balance sheet, statement of changes in enquity, cash flow statement and notes, including summary of significant accounting policies, for the Group as well as for the Parent Company. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements of 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 International Financial Reporting Standards as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act, and for such internal control as 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 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 the Parent Company Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements and the 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 the Consolidated Financial Statements and the Parent Company Financial Statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The 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 financial position at 31 December 2015 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2015 in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act.

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Consolidated Financial Statements and the Parent Company Financial Statements. On this basis, in our opinion, the information provided in Management's Review is consistent with the Consolidated Financial Statements and the Parent Company Financial Statements.

Århus 19 / 5 2016
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR-nr. 33 77 12 31

Jesper Lund
State Authorised Public Accountant

Kim Vorret
State Authorised Public Accountant

Income Statement

Consolidated statement

(DKK '000)

Notes		2015	2014
5	**Revenue**	**146.482**	**124.980**
6	Production costs	(103.715)	(85.465)
	Gross profit/loss	**42.767**	**39.515**
6	Development costs	(14.414)	(12.617)
6	Distribution and marketing expenses	(6.889)	(6.850)
6	Administrative expenses etc	(20.039)	(9.348)
	Operating profit/loss	**1.425**	**10.700**
7	Financial income	825	1.540
8	Financial expenses	(904)	(2.087)
	Net financials	(79)	(547)
	Profit/loss on ordinary activities before tax	**1.346**	**10.153**
9	Tax on profit/loss on ordinary activities	(3.073)	364
	Net profit/loss for the year	**(1.727)**	**10.517**
	Other income and expenses recognised directly via equity	-	-
	Comprehensive income	**(1.727)**	**10.517**
	Proposed distribution of profit:		
	Retained earnings	(1.727)	10.517
	Proposed dividend for the year	-	-
		(1.727)	10.517

Assets

Consolidated statement

(DKK '000)

Notes		2015	2014
	Intangible assets		
	Acquired rights	9.907	2.079
	Completed development projects	-	4.415
10	Total intangible assets	9.907	6.494
	Property, plant and equipment		
	Plant and machinery	735	1.313
	Fixtures and fittings, tools and equipment	1.504	1.306
	Leasehold improvements	70	129
11	Total property, plant and equipment	2.309	2.748
	Financial assets		
12	Deferred tax assets	4.891	7.592
13	Other financial receivables	1.143	998
	Total financial assets	6.034	8.590
	Total non-current assets	**18.250**	**17.832**
14	**Inventories**	6.508	9.528
	Receivables		
15	Trade receivables	33.765	23.283
17	Contract work in progress	2.073	3.685
18	Other receivables	42	32
	Prepayments	3.801	2.906
	Total receivables	39.681	29.906
	Cash at bank and in hand	16.204	-
	Total current assets	**62.393**	**39.434**
	Total assets	**80.643**	**57.266**

Liabilities and equity

Consolidated statement

(DKK '000)

Notes		2015	2014
	Equity		
19	Share capital	16.778	16.778
20	Retained earnings	4.339	6.066
	Proposed dividend for the year	-	-
	Total equity	**21.117**	**22.844**
	Non-current liabilities		
22	Provisions	1.171	301
23	Long-term debt	-	111
	Total non-current liabilities	1.171	412
	Current liabilities		
23	Short-term subordinate loans	-	3.500
23	Credit institutions	-	4.528
	Long-term debt falling due within 1 year	111	117
22	Provisions	26	85
	Trade payables	7.960	7.379
17	Prepayments received	17.493	4.349
16	Payables to group enterprises	620	336
16	Payables to associates	-	1.039
	Current tax payables	551	228
24	Other payables	31.594	12.449
	Total current liabilities	58.355	34.010
	Total liabilities	**59.526**	**34.422**
	Total liabilities and equity	**80.643**	**57.266**

Consolidated Statement of Changes in Equity

Consolidated statement

(DKK '000)

	Share capital	Retained earnings	Proposed dividend for the year	Total
Equity at 1 January 2014	**16.778**	**(4.451)**	-	**12.327**
Net profit/loss for the year	-	10.517	-	10.517
Equity at 31 December 2014	**16.778**	**6.066**	-	**22.844**
Equity at 1 January 2015	**16.778**	**6.066**	-	**22.844**
Net profit/loss for the year	-	(1.727)		(1.727)
Proposed dividend for the year	-	-	-	-
Equity at 31 December 2015	**16.778**	**4.339**	-	**21.117**

Cash Flow Statement

Consolidated statement

(DKK '000)

Notes		2015	2014
	Net profit/loss for the year	(1.727)	10.517
	Depreciation, amortisation and impairment losses	6.004	3.628
25	Adjustments	3.914	379
26	Change in working capital	25.360	(17.741)
	Cash flows from operating activities	**33.551**	**(3.217)**
	Deposits	(145)	(55)
	Purchase of intangible assets	(8.052)	(1.932)
	Purchase of property, plant and equipment	(926)	(1.263)
	Sale of property, plant and equipment	-	14
	Cash flows from investing activities	**(9.123)**	**(3.236)**
	Financial income	825	1.540
	Financial expenses	(904)	(2.087)
	Repayment of long-term loans	(3.617)	(739)
	Cash flows from financing activities	**(3.696)**	**(1.286)**
	Cash flows for the year	**20.732**	**(7.739)**
	Cash and cash equivalents, beginning of year	(4.528)	3.211
	Cash and cash equivalents, end of year	**16.204**	**(4.528)**
	Cash and cash equivalents consist of:		
	Cash at bank and in hand	16.204	-
	Credit institutions	-	(4.528)
	Cash and cash equivalents, end of period	**16.204**	**(4.528)**

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1 Accounting Policies

Basis of preparation

Consolidated and Parent Company Financial Statements of Medicom Innovation Partner a/s has been prepared in accordance with International Financial Reporting Standards as approved by the EU (IFRS) and additional Danish disclosure requirements applying to medium-sized enterprises of reporting class C as well as selected rules applying to reporting class C (large), cf IFRS notification issued according to the Danish Financial Statements Act. IFRS has been implemented so that the Annual Report also complies with the provisions of International Financial Reporting Standards (IFRS) issued by IASB.

Consolidated and Parent Company Financial Statements is presented in DKK, which is considered the functional currency of the Group.

The Financial Statements have been prepared under the same accounting policies as last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Group, and the value of the asset can be measured reliably. Assets are removed from the balance sheet when it is no longer probable that future economic benefits will flow to the Group.

Purchase and sale of assets and liabilities are recognised in the balance sheet at the contract date.

Liabilities are recognised in the balance sheet when, in consequence of an event occurred before or on the balance sheet date, the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation, and the value of the liability can be measured reliably. The liability is removed from the balance sheet when it is no longer probable that economic benefits must be given up to settle the obligation.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below. Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Revenue is recognised in the income statement as earned. Furthermore, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Medicom Innovation Partner a/s, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

Notes

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

On acquisition of subsidiaries, the difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after the individual assets and liabilities having been adjusted to fair value (the purchase method). This includes allowing for any restructuring provisions determined in relation to the enterprise acquired. Any remaining positive differences are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straightline basis over its estimated useful life, but not exceeding 20 years. Any remaining negative differences are recognised in deferred income in the balance sheet as negative goodwill. Amounts attributable to expected losses or expenses are recognised as income in the income statement as the affairs and conditions to which the amounts relate materialise. Negative goodwill not related to expected losses or expenses is recognised at an amount equal to the fair value of non-monetary assets in the income statement over the average useful life of the non-monetary assets.

Positive and negative differences from enterprises acquired may, due to changes to the recognition and measurement of net assets, be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Amortisation of goodwill is allocated in the Consolidated Financial Statements to the operations to which goodwill is related.

Amortisation of goodwill is recognised in "Amortisation, depreciation and impairment losses".

Translation policies

Income statement
Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables and payables
Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Gains and losses arising due to differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Comprehensive income

Medicom Innovation Partner a/s presents comprehensive income in two statements. An income statement and a statement of total comprehensive income which includes result for the year and income recognized in other comprehensive income. Other comprehensive income includes exchange gains/losses arising from translating the financial statements of a foreign operation.

Income statement

Revenue
Revenue is recognised in the income statement provided that delivery and transfer of risk have been made to the purchaser, and provided that the income can be stated reliably and payment is expected received. Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Sale of goods
Revenue from sale of goods is recognised in the income statement provided that transfer of risk has been made to the purchaser by year end, and provided that payment is expected received and revenue can be stated reliably.

Notes

Sale of services
Revenue concerning services, which comprise, among other things, sale of hours and milestone payments relating to development projects, is recognised as the services are delivered.

Sale of licences and income from royalties
Revenue concerning licences and income from royalties are recognised when Medicom Innovation Partner has acquired the final right to the license or the royalty income.

The net effect of hedging transactions – eg forward exchange transactions – relating directly to specific cost elements is recognised in revenue together with these cost elements.

Production costs
Production costs comprise salaries and cost of sales as well as indirect costs, including salaries and amortisation, depreciation and impairment losses, paid to achieve revenue for the year.

Development costs
Development costs include the development costs not meeting the criteria for capitalisation. Furthermore, amortisation, depreciation and impairment losses on capitalised development projects are recognised.

Distribution and marketing expenses
Distribution and marketing expenses comprise expenses relating to sale and distribution of the Group's products, including salaries to sales staff, advertising and exhibition expenses as well as amortisation, depreciation and impairment losses.

Administrative expenses
Administrative expenses comprise expenses for the administrative staff, Management and office expenses, including amortisation, depreciation and impairment losses.

Leases
Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an approximated value as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.
The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.
The lease obligations are disclosed in the notes.

Financial income and expenses
Financial income and expenses comprise interest, amortisation addition and deduction, fair value adjustments and realised and unrealised exchange adjustments.

Tax
Tax for the year consists of current tax for the year and change in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Notes

Balance sheet

Intangible assets

Development projects
Development projects that are clearly defined and identifiable and which are considered to be marketable in the form of new products on a future potential market are recognised as intangible assets.

Development projects are recognised at cost when the criteria for recognition have been met.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Cost comprises wages, salaries, material, services and depreciation of plant and equipment attributable to the Group's development activities. Grants for development projects are deducted from expenses incurred.

Interest expenses concerning financing of development projects recognised as intangible assets are recognised together with the asset. Other interest is recognised in the income statement.

Capitalised development projects are measured at the lower of cost less accumulated amortisation and impairment losses and the recoverable amount.

During the development work and after finalisation of the development work no amortisation is made of development projects recognised as an intangible asset and with an unpredictable useful life, but the asset is subject to an annual impairment test.

Acquired rights
Acquired rights comprise software and related consultancy hours. These are measured at cost less accumulated amortisation.
Acquired rights are amortised on a straight-line basis over 3 years.

Property, plant and equipment
Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Cost of a total asset is broken down in separate components which are depreciated separately if the useful lives of the individual components differ.

For assets acquired under finance leases cost is stated at the lower of fair value of the assets and net present value of the future minimum lease payments. At the calculation of the net present value, the interest rate implicit in the lease or the marginal loan interest of the leases is used as discounting rate.

Depreciation
Straight line depreciation is made over the expected useful lives of the assets and considering the scrap value of the asset. The following depreciation periods are applied:

Plant and machinery	
According to nature	3 - 6 years
Other plant and machinery	8 - 10 years
Other plant	3 - 10 years

Leasehold improvements are depreciated on a straight line basis over the term of the leases.

Notes

Impairment of fixed assets
The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation. If so, the recoverable amount of the asset is stated and write-down is made to the lower of recoverable amount and carrying amount. The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Inventories
Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The cost of raw materials, consumables and goods for resale equals landed cost. The cost of finished goods and work in progress comprises the cost of materials and direct labour with addition of indirect production costs.

Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management

Financing expenses are not recognised in cost.

Receivables
Receivables are recognised in the balance sheet at amortised cost, which corresponds to nominal value less provisions for bad debts.

Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

Contract work in progress
Contract work in progress is measured at the selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses – perhaps stated per milestone if the contract is divided into milestones and otherwise dictates this. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Equity

Dividend
Dividend is disclosed as a separate equity item.

Obligations

Pension obligations
Medicom Innovation Partner a/s has pension schemes comprising the employees. The pension schemes are defined contribution plans.

Expenses concerning defined contribution plans are expensed on a current basis in the income statement in the period of earning, and accrued payments received are included in other debt in the balance sheet. Payments of premium (eg a fixed amount or a fixed percentage of the salary) are made to independent insurance companies responsible for the pension obligations. When pension contributions for defined contribution plans have been paid, the Group has no further obligations to its employees or resigned staff.

Provisions
Provisions include warranty obligations and other provisions. Warranty obligations comprise obligations for improvement of products within the period of warranty. The provisions are recognised and measured based on experience of warranty work and other obligations.

Notes

Provisions are discounted if the timing effect is material, which is only the case for provisions for anniversary bonus included in other provisions.

Deferred tax and corporation tax
Provision for deferred tax is stated under the balance sheet liability method and is calculated on all temporary differences between the tax base and the carrying amount of assets and liabilities.

The tax base of assets is stated considering the planned use of the individual asset. When calculating the deferred tax, the tax base of any losses or provisions, etc. is included to the extent that it is considered likely that these may be included in future tax results. If, in that case, the deferred tax is a positive amount, this is recognised as a deferred tax asset in the balance sheet.

Corporation tax is recognised as the tax expected imposed on the taxable income for the year less tax paid on account.

Financial debts
Fixed-interest loans, such as bank loans, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost, corresponding to the capitalised value when using the effective interest rate, so that the difference between the proceeds and the nominal value (capital loss) is recognised in the income statement over the loan period

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Prepayments and deferred income
Prepayments comprise expenses concerning subsequent financial years.

Deferred income comprises payments received in respect of income in subsequent years.

Cash flow statement

The cash flow statement is presented under the indirect method based on net profit/loss for the year.

The cash flow statement shows cash flows for the year, changes for the year in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities
Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for non-cash operating items, and corporation taxes as well as changes in working capital. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities
Cash flows from investing activities comprise acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities
Cash flows from financing activities comprise of expenses received and paid and financial income, the raising and repayment of long-term debt, dividend paid and proceeds from share capital increases.

Cash and cash equivalents
Cash and cash equivalents comprise cash holdings and withdrawals from overdraft facility. Cash flows in foreign currencies are translated at the average monthly exchange rates which do not deviate materially from the exchange rates at the date of payment.

Notes

2 New accounting standards

Medicom Innovation Partner has implemented the IASB and EU approved accounting standards and amend-ments and interpretations in force entered for the financial year 1 January – 31 December 2015.

The adoption of these new and revised accounting standards did not had a material financial impact on the statement the Group's income, assets, liabilities or equity in connection with the financial statements for the periods presented.

Most recently adopted accounting standards (IFRS) and interpretations (IFRIC) for implementation in subsequent accounting periods are not early adopted.

3 Significant accounting estimates and assessments

In connection with the financial reporting it is necessary for Management to make a number of accounting estimates and assessments affecting the carrying amount of certain assets and liabilities and the reported income and expenses for the accounting periods. Significant estimates are made, among other things, at the assessment of depreciation, amortisation and impairment, provisions and contingent liabilities and assets.

Management bases its estimates on historical experience and other assumptions considered reasonable in the situation. Results based on the assumptions are used to assess the carrying amount of the assets and the liabilities and the reported income and expenses not appearing elsewhere. The current results may deviate from the estimated results.

The following accounting estimates and assessments are considered significant for the Annual Report:

Development costs:
Self-financed development projects that are clearly defined and identifiable and which are considered to be marketable in the form of new products on a future potential market are recognised as intangible assets. In case of uncertainty relating to the future economic benefits of the asset for the Group at the time of decision, a conservative assessment is made of the possible intangible asset based on historical experience and knowledge of customer interest as well as actual order indications.

Work in progress:
Contract work in progress is recognised in revenue based on the stage of completion of the project, however, so that any future expected negative contribution margin of work in progress is immediately recognised in the income statement for the period.

The stage of completion of work in progress is estimated per project as the share of the resources used relative to the total expected resources for the project – perhaps divided into milestones if dictated by the contract. The stage of completion is estimated by the professional project manager in charge, and at the same time the probability of the work in progress in question meeting future development challenges affecting the stage of completion is considered.

In Management's estimate, after having reviewed work in progress, the estimates made are reasonable and appropriate.

Inventories
As part of the ordinary business, Medicom Innovation Partner a/s organises materials from sub suppliers for processing in the Group to meet the expected demand from the customers. A perfect organisation of materials for future customer needs is in many cases difficult, and therefore situations may arise where materials purchased or produced for the inventories are no longer expected to be in demand. Provisions for obsolescence of inventories are made in this respect. The provisions concerning inventories are made on the basis of historical scrapping due to obsolescence and knowledge and estimate of slow-moving materials.

The value of future scrapping due to obsolescence may deviate from the provision, but in Management's opinion, the estimates of obsolescence are reasonable and appropriate.

Tax
Deferred tax assets are recognised when it is probable that in future there will be sufficient taxable income to utilise the temporary differences and unutilised tax losses. The actual tax payments and results may deviate from the estimates made due to changes in expectations to the future taxable results. Management has assessed whether the tax asset should be recognised as income in the income statement and as an asset in the balance sheet. Management will continuously assess whether the accounting criteria have been met for recognition of the asset in the balance sheet and recognition as income in the income statement.

4 Financial risk management

As a consequence of Medicom Innovation Partner's international activities, the Group's income statement, balance sheet and equity will at any time be influenced, to a higher or lower degree, by a number of financial risks. These risks include:

- Foreign exchange risk
- Interest rate risk
- Credit risk
- Liquidity risk

Medicom Innovation Partner addresses these risks on a current basis.

Foreign exchange risk
The Group's sales in foreign currencies, USD (3%) and EUR (90%) respectively, make up 93 per cent. This figure does not reflect the foreign exchange risk, partly because the risk is hedged if net trade takes place in very volatile currencies, and partly because it is part of the Group's purchase policy to match purchase and sales currencies to the highest possible extent.

The conclusion of significant contracts in foreign currencies is accompanied by the conclusion of forward contracts for hedging of the most material foreign exchange risks.

In 2015, contracts have been concluded to hedge foreign exchange risks. The Group's net monetary items in foreign currencies appear from note 29.

Interest rate risk
The Group's interest rate risk relates to the interest-bearing debt. The interest-bearing debt consists of a borrowing facility of DKK 5.0 million as well as an un-contracted facility of additional DKK 20.0 million.

The drawing right carry the Cibor interest as a basis plus a surcharge. If Cibor should change by 0.5 percentage points, it will result in changed interest expenses in the coming 12 months of approx. DKK 25k in case of maximum utilisation of the existing credit facilities.
No interest rate instruments have been used to hedge interest rate risks.

Credit risk
The Group's most material, primary financial instruments comprise trade receivables. The amounts at which this balance sheet item is recognised are identical with the maximum credit risk.

The Group sells the products and services to a number of different customers. The Group assesses the credit risk relating to these customers to be limited. The individual customers are assessed on a current basis and, if necessary, bank guarantees or accounts receivable insurance is used to secure outstanding accounts.

Notes

During the last 3 years, trade receivables have been at an acceptable level, and it is the Group's assessment that no significant credit risk is involved.

Liquidity risk
In 2015, cash flows have been positive – it was positive from operating activities while negative from investing and financing activities.

The Group assesses and controls financial resources on a current basis, thus ensuring that adequate flexible, unutilised borrowing facilities are available at any time from the Group's owners and bankers.
Short-term debt to credit institutions amounts to 0% of the balance sheet total compared with 8% at the end of 2014, which is acceptable. Moreover, short-term debt has been provided through a bank credit facility DKK 5.0 million, which has been mediated by the owners and guaranteed by the main shareholder, and may thus, for risk purposes, be regarded as financing made available by the main owner. Furthermore, the credit is secured by floating charges of DKK 25 million secured on ordinary debt, inventories, operating equipment and material as well as intellectual property rights. In practice, there is no expected risk of this credit falling due within 1 year as long as the guarantee is maintained.

Notes

Consolidated statement

(DKK '000)

5 Revenue

Geographical breakdown

	2015	2014
Scandinavia	52.447	51.263
Rest of Europe	53.646	65.221
USA	35.542	7.786
Rest of the world	4.847	710
Total	146.482	124.980

Breakdown on type

	2015	2014
Sale of goods	60.355	64.443
Sale of services	86.127	60.537
Total	146.482	124.980

6 Expenses, additional information

Production costs, development costs, distribution and marketing expenses and administrative expenses, etc include the following amounts for which the following information is stated:

Development costs

	2015	2014
Development costs paid before capitalisation	9.961	10.385
Of this capitalised	-	-
Depreciation and impairment of development projects	4.453	2.232
Development costs recognised in the income statement	14.414	12.617

Classification by type of expenditure

Amortisation, intangible assets

Amortisation of intangible assets is recognised in the following items in the income statement:

	2015	2014
Production costs	184	219
Development costs	4.415	2.207
Distribution and marketing expenses	-	-
Administrative expenses etc	-	-
	4.599	2.426

No impairment losses have been recognised in respect of intangible assets.

Depreciation, property, plant and equipment

Depreciation of property, plant and equipment is recognised in the following items in the income statement:

	2015	2014
Production costs	1.296	1.128
Development costs	38	25
Distribution and marketing expenses	20	19
Administrative expenses etc	51	30
	1.405	1.202

Impairment losses reversed, property, plant and equipment

Impairment losses reversed, property, plant and equipment, are recognised in the following items in the income statement:

	2015	2014
Production costs	-	-
Development costs	-	-
Distribution and marketing expenses	-	-
Administrative expenses etc	-	-
	-	-

Notes

Consolidated statement

(DKK '000)

		2015	2014
6	**Expenses, additional information (continued)**		
	Staff		
	Fee to Executive Board and Board of Directors		
	- Salaries	8.186	2.321
	- Remuneration	309	313
	- Pension	124	124
	- Other expenses	9	9
	Total fee to Executive Board and Board of Directors	8.628	2.767
	Salaries and remuneration	59.338	44.009
	Pensions	3.682	3.534
	Other social security expenses	2.075	2.723
		73.723	53.033
	Average number of full-time employees		
	Denmark	82	80
	United Kingdom	1	-
		83	80

Staff expenses are recognised in the following items in the income statement:

	2015	2014
Production costs	45.486	33.263
Development costs	7.398	8.174
Distribution and marketing expenses	4.953	4.881
Administrative expenses etc	15.886	6.715
	73.723	53.033

Exit bonus agreements are entered with the management and will be effected if any majority change in shareholders. Estimated bonus are distributed over the expected exit period.

		2015	2014
7	**Financial income**		
	Foreign exchange gain	687	762
	Other financial income	138	778
	Financial income	825	1.540
8	**Financial expenses**		
	Interest on debt to banks	52	574
	Foreign exchange loss	591	1.253
	Other financial expenses	261	260
	Financial expenses	904	2.087

Notes

Consolidated statement

(DKK '000)

		2015	2014
9	**Tax on profit/loss on ordinary activities**		
	Current tax	372	35
	Change in deferred tax	2.701	(399)
	Total tax on profit/loss on ordinary activities	3.073	(364)
	Tax for the year is specified as follows:		
	Tax to be recognised in the income statement	3.073	(364)
		3.073	(364)
	Tax on profit/loss for the year is specified as follows:		
	Calculated tax on profit/loss before tax	316	2.487
	Non-deductible expenses and non-taxable income	2.946	7
	Change in valuation of deferred tax assets and change in tax rate	(189)	(936)
	Used tax losses from prior years	-	(1.922)
		3.073	(364)
	Danish tax rate	23,5%	24,5%
	Tax effect of:		
	Non-deductible expenses and non-taxable income	0%	0%
	Unutilised tax losses	219%	0%
	Change in valuation of deferred tax assets and change in tax rate	-14,0%	-9,2%
	Used tax losses from prior years	0,0%	-18,9%
	Average effective tax rate for the year	228,3%	-3,6%

Corporation tax paid, incl tax on account, amounts to DKK 48k.
At 1 March 2007, Medicom Innovation Partner is part of the joint taxation with LDE Holding 11 Aps.

Notes

Consolidated statement

(DKK '000)

10 Intangible assets

	Acquired rights	Completed development projects	Total
Cost at 1 January 2014	8.934	11.038	19.972
Additions for the year	1.932	-	1.932
Transfer	-	-	-
Cost at 31 December 2014	10.866	11.038	21.904
Amortisation and impairment losses at 1 January 2014	8.568	4.416	12.984
Amortisation for the year	219	2.207	2.426
Impairment losses for the year	-	-	-
Amortisation and impairment losses at 31 December 2014	8.787	6.623	15.410
Carrying amount at 31 December 2014	2.079	4.415	6.494
Cost at 31 December 2014	10.866	11.038	21.904
Amortisation at 31 December 2014	8.787	6.623	15.410
Impairment losses at 31 December 2014	-	-	-
Carrying amount at 31 December 2014	2.079	4.415	6.494
Cost at 1 January 2015	10.866	11.038	21.904
Additions for the year	8.052	-	8.052
Disposals for the year	-	(11.038)	(11.038)
Transfer	-	-	-
Cost at 31 December 2015	18.918	-	18.918
Amortisation and impairment losses at 1 January 2015	8.787	6.623	15.410
Amortisation for the year	224	1.840	2.064
Reversal of impairment and depreciation of sold assets	-	(8.462)	(8.462)
Amortisation and impairment losses at 31 December 2015	9.011	-	9.012
Carrying amount at 31 December 2015	9.907	-	9.907
Cost at 31 December 2015	18.918	-	18.918
Amortisation at 31 December 2015	9.011	-	9.011
Impairment losses at 31 December 2015	-	-	-
Carrying amount at 31 December 2015	9.907	-	9.907

As security for the Group's facility with the banks, a floating charge has been created secured on the Group's ordinary debt, inventories, operating equipment and material as well as intellectual property rights for up to DKK 25 million.

Notes

Consolidated statement

(DKK '000)

11 Property, plant and equipment

	Plant and machinery	Other fixtures, fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2014	8.461	5.778	138	14.377
Additions for the year	87	999	177	1.263
Disposals for the year	(461)	-	-	(461)
Cost at 31 December 2014	8.087	6.777	315	15.179
Amortisation and impairment losses at 1 January 2014	6.546	5.010	120	11.676
Amortisation for the year	683	461	66	1.210
Reversal of impairment and depreciation of sold assets	(455)	-	-	(455)
Amortisation and impairment losses at 31 December 2014	6.774	5.471	186	12.431
Carrying amount at 31 December 2014	1.313	1.306	129	2.748
Cost at 31 December 2014	8.087	6.777	315	15.179
Amortisation at 31 December 2014	6.774	5.471	186	12.431
Impairment losses at 31 December 2014	-	-	-	-
Carrying amount at 31 December 2014	1.313	1.306	129	2.748
Hereof assets under finance lease:	-	224	-	224
Cost at 1 January 2015	8.087	6.777	315	15.179
Additions for the year	118	808	-	926
Disposals for the year	(491)	(110)	-	(601)
Cost at 31 December 2015	7.714	7.476	315	15.505
Amortisation and impairment losses at 1 January 2015	6.774	5.471	186	12.431
Amortisation for the year	688	610	59	1.358
Impairment losses for the year	-	-	-	-
Reversal of impairment and depreciation of sold assets	(483)	(110)	-	(593)
Amortisation and impairment losses at 31 December 2015	6.979	5.972	245	13.196
Carrying amount at 31 December 2015	735	1.504	70	2.309
Cost at 31 December 2015	7.714	7.476	315	15.505
Amortisation at 31 December 2015	6.979	5.972	245	13.196
Impairment losses at 31 December 2015	-	-	-	-
Carrying amount at 31 December 2015	735	1.504	70	2.309
Hereof assets under finance lease:	-	107	-	107

General, property, plant and equipment:
The carrying amount corresponds to the expected remaining life and any scrap value.

There are no contractual obligations at 31 December 2015 relating to the acquisition of property, plant and equipment (DKK 0 at 31 December 2014).

As security for the Group's facility with the banks, a floating charge has been created secured on the Group's ordinary debt, inventories, operating equipment and material as well as intellectual property rights for up to DKK 25 million.

Notes

Consolidated statement

(DKK '000)

12 Deferred tax

	Long-term assets	Short-term assets	Loss carry-forward	Provisions	Total
Deferred tax at 1 January 2014	1.495	(48)	(11.699)	(124)	(10.376)
Adjustment for the year	(256)	685	2.374	(19)	2.784
Deferred tax at 31 December 2014	1.239	637	(9.325)	(143)	(7.592)
Of this not recognised in the balance sheet					-
Capitalised deferred tax at 31 December 2014	1.239	637	(9.325)	(143)	(7.592)
Deferred tax at 1 January 2015	1.239	637	(9.325)	(143)	(7.592)
Adjustment for the year	430	241	2.183	(153)	2.701
Deferred tax at 31 December 2015	1.669	878	(7.142)	(296)	(4.891)
Of this not recognised in the balance sheet					-
Capitalised deferred tax at 31 December 2015	1.669	878	(7.142)	(296)	(4.891)

Provision for deferred tax has been made at the current Danish tax rate.

It is expected that the capitalised loss carry-forward may be utilised within a time horizon of 3 - 4 years.

13 Other financial receivables

	2015	2014
Other financial receivables (gross), end of year	1.143	998
Provisions for bad debts, end of year	-	-
Other financial receivables (net), end of year	1.143	998

The fair value of other financial receivables amounts to DKK 1.143k (2014: DKK 998k). The value comprises deposit for leased premises which will remain for the term of the lease.

The fair value is stated as the net present value of future expected cash flows concerning the receivables.

14 Inventories

	2015	2014
Raw materials and consumables	4.533	8.002
Work in progress	664	444
Finished goods and goods for resale	1.311	1.082
Inventories, end of year	6.508	9.528

Inventories are expected to be realised within a period of 12 months.

Cost of sales for the year is recognised in production costs	28.580	34.737
Write-down for the year of inventories is recognised in production costs	-	-
Resersal for the year of write-down of inventories is recognised in production costs	17	312

Notes

Consolidated statement

(DKK '000)

15 Trade receivables

	2015	2014
Trade receivables (gross), beginning of year	33.765	23.283
Provision for bad debt	-	-
Change of provision in the year	-	-
Realised losses in the year	-	-
Provision for bad debt, end of year	-	-
Trade receivables (net), end of year	33.765	23.283
Trade receivables not due (due 0-3 months after the balance sheet date)	33.765	23.283
Trade receivables due from 0 to 1 month before the balance sheet date	-	-
Trade receivables due more than 1 month before the balance sheet date	-	-
Trade receivables (net), end of year	33.765	23.283

All trade receivables fall due within one year.

Any provision for bad debt has been recognised directly in administrative expenses in the income statement and the provision, if any, will be made based on an individual assessment of the creditworthiness of the debtors.

The fair value of trade receivables is DKK 33,765k (2014: DKK 23,283k). For receivables falling due within 1 year after the balance sheet date, the carrying amount is in all materiality considered to correspond to the fair value.

16 Receivables from and payables to group enterprises and associates

	2015	2014
Payables to group enterprises (gross) at 31 December	620	336

The fair value of payables to group enterprises is DKK 620k (2014: DKK 336k). For payables falling due within 1 year after the balance sheet date, the carrying amount is in all materiality considered to correspond to the fair value.

	2015	2014
Payables to associates (gross) at 31 December	-	1.039

The fair value of payables to associates is DKK 0k (2014: DKK 1,039k). For payables falling due within 1 year after the balance sheet date, the carrying amount is in all materiality considered to correspond to the fair value.

17 Contract work in progress

	2015	2014
Expenses conc. work performed at the balance sheet date	84.069	99.973
Profit included in the income statement, net	6.432	22.451
Sales value of work performed at the balance sheet date	90.501	122.424
Invoicing on account	(103.199)	(122.839)
	(12.698)	(415)
The net value is recognised as follows in the balance sheet:		
Contract work in progress	2.073	3.685
Prepayments received from customers conc. work in progress	(14.771)	(4.100)
	(12.698)	(415)
Prepayments received from customers conc. products	(2.722)	(249)
Prepayments, end of year	(17.493)	(4.349)

Notes

Consolidated statement

(DKK '000)

		2015	2014
18	**Other receivables**		
	Other receivables	42	32
	Carrying amount, end of year	42	32

All other receivables fall due within one year.

The fair value of other receivables is DKK 42k (2014: DKK 32k). For receivables falling due within 1 year after the balance sheet date, the carrying amount is considered to correspond to the fair value.

		2015	2014
19	**Share capital**		
	The share capital consists of 16,778,061 shares of DKK 1	16.778	16.778

No shares carry any special rights.

Specification of movement on share capital	2015	2014	2013	2012	2011
Share capital at the beginning	16.778	16.778	16.778	16.778	11.921
Capital increase	-	-	-	-	4.857
Capital reduction	-	-	-	-	-
Share capital at the end	16.778	16.778	16.778	16.778	16.778

20 Retained earnings

In 2015 DKK 0 was paid as dividend, corresponding to DKK 0 per share (2014: DKK 0, corresponding to DKK 0 per share). A dividend of DKK 0k, corresponding to DKK 0k per share, will be proposed for 2015.

Medicom Innovation Partner´s Executive Board and Board of Directors currently assess whether the Groups's capital structure is adequate and which activities are necessary to ensure this.
Usually no dividend is paid out unless it may be included in net profit/loss for the year.

21 Subordinate loans

At 31 December 2014	Due within 1 year	Due within 1 - 5 years	Due after 5 years	Total due after 1 year
Subordinate loans	3.500	-	-	-
Carrying amount at 31 December 2014	3.500	-	-	-

At 31 December 2015	Due within 1 year	Due within 1 - 5 years	Due within 5 years	Total due after 1 year
Subordinate loans	-	-	-	-
Carrying amount at 31 December 2015	-	-	-	-
Future interest	-	-	-	-
Subordinate loans incl future interest	-	-	-	-

Notes

Consolidated statement

(DKK '000)

22 Provisions

	2015	2014
Warranty provisions at 1 January	112	-
Provisions in the year	867	112
Provisions used in the year	-	-
Warranty provisions, end of year	979	112
Provisions for anniversary bonus at 1 January	274	190
Provisions in the year	69	70
Provisions used in the year	(90)	-
Provisions reversed in the year	(29)	-
Change for the year in the calculation of net present value	(6)	14
Provisions for anniversary bonus, end of year	218	274
Provisions, end of year	1.197	386
The due dates for warranty provisions are expected to be as follows:		
Due within 1 year	-	-
Due within 1-5 years	979	112
Due after 5 years	-	-
Warranty provisions, end of year	979	112
The due dates for provisions for anniversary bonus are expected to be as follows:		
Due within 1 year	26	85
Due within 1-5 years	133	115
Due after 5 years	59	74
Provisions for anniversary bonus, end of year	218	274

The Group provides 3-year warranty on certain products and is therefore obliged to repair or replace items which do not function satisfactorily.

Provisions of DKK 979k (2014: DKK 112k) for expected warranty claims have been recognised based on previous experience concerning the level of repairs and returns.

The statement of the expected due dates has been prepared based on previous experience of when repairs and returns, if any, appear.

No compensation will be received from other parties concerning the provisions.

The provision for anniversary bonus is the result of discounting of the nominal expectations, as the timing effect conc. anniversary bonus is material due to the long time horizon for actual payment of the anniversary bonus. No discounting has been used concerning the warranty provision as the time horzon is limited (max 3 years) and the timing effect is therefore immaterial.

Notes

Consolidated statement

(DKK '000)

23 Short- and long-term debt

At 31 December 2014	Due within 1 year	Due within 1 - 5 years	Due after 5 years	Total due after 1 year
Long-term debt:				
Finance lease	117	111	-	111
Carrying amount at 31 December 2014	117	111	-	111
Future interest, debt not on demand:				-
Finance lease	8	-	-	-
Total future interest	8	-	-	-
Long-term debt incl future interest	125	111	-	111
Short-term debt:				
Floating-rate overdraft facility, interest level 3.5 - 4%	4.528	-	-	-
Carrying amount at 31 December 2014	4.528	-	-	-

At 31 December 2015	Due within 1 year	Due within 1 - 5 years	Due after 5 years	Total due after 1 year
Long-term debt:				
Finance lease	111	-	-	-
Carrying amount at 31 December 2015	111	-	-	-
Future interest, debt not on demand:				
Finance lease	2	-	-	-
Total future interest	2	-	-	-
Long-term debt incl future interest	113	-	-	-
Short-term debt:				
Floating-rate overdraft facility, interest level 3.5 - 4%	-	-	-	-
Carrying amount at 31 December 2015	-	-	-	-

See also the description of financial risks on page 8 of Management's Review.

The value of short- and long-term debt in Medicom Innovation Partner amounts to DKK 0k against DKK 4,528k in 2014 (excl finance lease).

Lease obligation
As regards the lease obligation, the agreement is subject to floating-rate interest. The fair value of the lease obligation therefore equals the nominal lease obligation, ie DKK 111k at the end of 2015 against DKK 228k at the end of 2014.

Notes

Consolidated statement

(DKK '000)

24 Other payables

	2015	2014
Payroll items	29.814	11.738
Other	1.780	711
Total other payables	31.594	12.449

No other payables fall due for payment after 1 year.

The fair value of other payables is DKK 31,594k (2014: DKK 12,449k).

For payables falling due within 1 year after the balance sheet date the carrying amount of the payables is in all materiality considered to equal the fair value of the payables.

25 Adjustments

	2015	2014
Change in other provisions etc	811	196
Financial income etc	(825)	(1.540)
Financial expenses etc	904	2.087
Tax on profit/loss for the year	3.024	(364)
	3.914	379

26 Change in working capital

	2015	2014
Change in receivables etc	(9.775)	(4.058)
Change in inventories	3.020	(1.057)
Change in trade payables etc	32.115	(12.626)
	25.360	(17.741)

Notes

Consolidated statement

(DKK '000)

		2015	2014
27	**Fee to auditors**		
	Statutory audit		
	PricewaterhouseCoopers, 2015	150	120
	Fee to auditors appointed at the general meeting	150	120
	Other assurance assignments	80	80
	Tax advisory services	25	25
	Other services	6	6
	PricewaterhouseCoopers	111	111
	Total fee to auditors	261	231

28 **Contingent liabilities and other financial obligations**

a **Rental and lease obligations concerning operating lease etc**

The Group has entered into operating leases concerning three cars. The periods covered by the leases run for up to 26 months as from 31 December 2015.

Moreover, the Group has entered into seven tenancy agreements. The tenancy agreements covers up to 12 months.

	2015	2014
Lease obligations relating to fixtures and fittings, etc	185	461
Rental obligations relating to offices and factory property	1.338	1.398
Total	1.523	1.859
Specified as follows:		
Due within 1 year	1.451	1.633
Due between 1 and 5 years	72	226
Due after more than 5 years	-	-
	1.523	1.859
Rental and lease payments for the period	2.433	2.594
Hereof minimum rental and lease payments	2.433	2.594

At the balance sheet date, there are no non-cancellable leases concerning assets held under operating lease from which rental income is received.

b **Contract obligations**
The Group has entered into contract obligations of DKK 1.048k termination no later than 2018.

c **Joint taxation**
With effect from 1 March 2007, Medicom Innovation Partner is included in the joint taxation with LDE Holding 11 ApS. Danish Group companies are jointly and severally liable for tax on consolidated taxable income, etc. The total amount of the annual report for Equity Datterholding 11 ApS, which is the management company in relation to joint taxation.

d **Litigations**
Medicom Innovation Partner is not engaged in any litigation.

Notes

Consolidated statement

(DKK '000)

29 Financial instruments

The scope and type of the Group's financial instruments appear from the income statement, the balance sheet and accounting policies under notes. Below information is provided on the conditions which may affect amounts, payment date or the reliability of future payments, where such information does not directly appear from the Group's Financial Statements or follow from normal practice.

Monetary items* in foreign currencies in the balance sheet at the end of the year:

At 31 December 2014

Currency	Payment/expiry	Assets	Liabilities	Net
EUR	0-12 months	24.861	6.473	18.388
USD	0-12 months	2.704	1.677	1.027
GBP	0-12 months	-	145	(145)
Other	0-12 months	-	-	-

At 31 December 2015

Currency	Payment/expiry	Assets	Liabilities	Net
EUR	0-12 months	35.361	18.270	17.091
USD	0-12 months	4.565	2.030	2.535
GBP	0-12 months	31	17	14
Other	0-12 months	-	-	-

* Monetary items are cash at bank and in hand and similar, receivables as well as payables which are settled in cash.

Hedging of foreign currency

Purchases of services abroad are denominated in USD and GBP.
There are signed annual contracts to hedge the currency risk, in the event that the management believes that there is uncertainty as to the market development in short and long term.
The finansiel statement included a net receivable on foreign exchange contracts of DKK 42k (in 2014 the finansiel statement included a receivble of DKK 0k) Management has chosen not to apply hedge accounting.

Sensitivity to foreign exchange risks:

The quantification of foreign exchange risks was made as an +/- 10% analysis of the effect on revenue:

		2015		2014	
	DKK million	Revenue	Risks	Revenue	Risks
Revenue nominated in EUR		130,8	0*	112,1	0*
Revenue nominated in USD		4,5	0,4	0,6	0,1
Revenue in DKK		11,1	0**	12,3	0**

* It is considered unlikely that EUR will fluctuate by +/- 10% due to Denmark's firm rates policy which allows only very marginal fluctuations

** There is no exchange risk in respect of DKK

In 2015 revenue is expected to be mainly in EUR, and therefore it is not assessed that there will be any material exchange risks.

Notes

Consolidated statement

(DKK '000)

30 Related parties

The Group's related party with controlling interest is Equity Datterholding 11 ApS, Copenhagen K.

The related parties with significant influence in the Group are the Executive Board and some senior employees as well as their related family members. Related parties also comprise companies in which these persons have material interests.

Executive Board and senior employees

Besides what follows from the employment, there have been no transactions with the Executive Board or senior employees. Remuneration appear from note 6.

Trade with related parties with controlling interest has comprised the following:

	2015	2014
Interest expenses to related parties	283	112

Trade with related parties with material interest (Bang & Olufsen a/s) has comprised the following:

	2015	2014
Sale of services to related parties	-	102
Purchase of services from related parties	-	2.242
Interest expenses to related parties	-	69

Accounts with related parties

The payment terms for normal trade is current month plus 30 days. No security has been provided for the accounts, and there has been no need to make provisions for expected bad debt concerning these accounts. Moreover, no losses have been realised concerning these accounts in 2015 or 2014.

31 Group matters

The Company, whose controlling shareholder is Equity Datterholding 11 ApS, is included in the Consolidated Financial Statements of its Parent Company, LDE Holding 11 ApS, Copenhagen. LDE Holding 11 ApS is owned by LD Equity 2 K/S.

Parent Company

Financial Statement

Income Statement

Medicom Innovation Partner a/s

(DKK '000)

Notes		2015	2014
1	**Revenue**	**146.482**	**124.980**
2	Production costs	(103.715)	(85.465)
	Gross profit/loss	**42.767**	**39.515**
2	Development costs	(14.414)	(12.617)
2	Distribution and marketing expenses	(7.593)	(6.850)
2	Administrative expenses etc	(19.491)	(9.348)
	Operating profit/loss	**1.269**	**10.700**
3	Financial income	825	1.540
4	Financial expenses	(904)	(2.087)
	Net financials	(79)	(547)
	Profit/loss on ordinary activities before tax	**1.190**	**10.153**
5	Tax on profit/loss on ordinary activities	(3.042)	364
	Net profit/loss for the year	**(1.852)**	**10.517**
	Other income and expenses recognised directly via equity	-	-
	Comprehensive income	**(1.852)**	**10.517**
	Proposed distribution of profit:		
	Retained earnings	(1.852)	10.517
	Proposed dividend for the year	-	-
		(1.852)	10.517

Assets

Medicom Innovation Partner a/s

(DKK '000)

Notes		2015	2014
	Intangible assets		
	Acquired rights	9.907	2.079
	Completed development projects	-	4.415
6	Total intangible assets	9.907	6.494
	Property, plant and equipment		
	Plant and machinery	735	1.313
	Fixtures and fittings, tools and equipment	1.504	1.306
	Leasehold improvements	70	129
7	Total property, plant and equipment	2.309	2.748
	Financial assets		
8	Deferred tax assets	4.891	7.592
9	Other financial receivables	1.107	998
	Total financial assets	5.998	8.590
	Investments		
10	Shares	0	-
	Total investments	0	-
	Total non-current assets	**18.214**	**17.832**
11	**Inventories**	6.508	9.528
	Receivables		
12	Trade receivables	33.765	23.283
14	Contract work in progress	2.073	3.685
15	Other receivables	42	32
	Prepayments	3.801	2.906
	Total receivables	39.681	29.906
	Cash at bank and in hand	16.204	-
	Total current assets	**62.393**	**39.434**
	Total assets	**80.607**	**57.266**

Liabilities and equity

Medicom Innovation Partner a/s

(DKK '000)

Notes		2015	2014
	Equity		
16	Share capital	16.778	16.778
17	Retained earnings	4.214	6.066
	Proposed dividend for the year	-	-
	Total equity	**20.992**	**22.844**
	Non-current liabilities		
19	Provisions	1.171	301
20	Long-term debt	-	111
	Total non-current liabilities	1.171	412
	Current liabilities		
18	Short-term subordinate loans	-	3.500
20	Credit institutions	-	4.528
	Long-term debt falling due within 1 year	111	117
19	Provisions	26	85
	Trade payables	7.960	7.379
14	Prepayments received	17.493	4.349
13	Payables to group enterprises	1.596	336
13	Payables to associates	-	1.039
	Current tax payables	520	228
21	Other payables	30.738	12.449
	Total current liabilities	58.444	34.010
	Total liabilities	**59.615**	**34.422**
	Total liabilities and equity	**80.607**	**57.266**

Statement of Changes in Equity

Medicom Innovation Partner a/s

(DKK '000)

	Share capital	Retained earnings	Proposed dividend for the year	Total
Equity at 1 January 2014	**16.778**	**(4.451)**	-	**12.327**
Net profit/loss for the year	-	10.517	-	10.517
Equity at 31 December 2014	**16.778**	**6.066**	-	**22.844**
Equity at 1 January 2015	**16.778**	**6.066**	-	**22.844**
Net profit/loss for the year	-	(1.852)	-	(1.852)
Proposed dividend for the year	-	-	-	-
Equity at 31 December 2015	**16.778**	**4.214**	-	**20.992**

Cash Flow Statement

Medicom Innovation Partner a/s

(DKK '000)

Notes		2015	2014
	Net profit/loss for the year	(1.852)	10.517
	Depreciation, amortisation and impairment losses	6.004	3.628
22	Adjustments	3.883	379
23	Change in working capital	25.480	(17.741)
	Cash flows from operating activities	**33.515**	**(3.217)**
	Deposits	(109)	(55)
	Purchase of intangible assets	(8.052)	(1.932)
	Purchase of property, plant and equipment	(926)	(1.263)
	Sale of property, plant and equipment	-	14
	Cash flows from investing activities	**(9.087)**	**(3.236)**
	Financial income	825	1.540
	Financial expenses	(904)	(2.087)
	Repayment of long-term loans	(3.617)	(739)
	Cash flows from financing activities	**(3.696)**	**(1.286)**
	Cash flows for the year	**20.732**	**(7.739)**
	Cash and cash equivalents, beginning of year	(4.528)	3.211
	Cash and cash equivalents, end of year	**16.204**	**(4.528)**
	Cash and cash equivalents consist of:		
	Cash at bank and in hand	16.204	-
	Credit institutions	-	(4.528)
	Cash and cash equivalents, end of period	**16.204**	**(4.528)**

Notes

Notes to the income statement

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2 Expenses, additional information
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4 Financial expenses
5 Tax on profit/loss on ordinary activities

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Notes

Medicom Innovation Partner a/s

(DKK '000)

1 Revenue

	2015	2014
Geographical breakdown		
Scandinavia	52.447	51.263
Rest of Europe	53.646	65.221
USA	35.542	7.786
Rest of the world	4.847	710
Total	146.482	124.980
Breakdown on type		
Sale of goods	60.355	64.443
Sale of services	86.127	60.537
Total	146.482	124.980

2 Expenses, additional information

Production costs, development costs, distribution and marketing expenses and administrative expenses, etc include the following amounts for which the following information is stated:

Development costs

	2015	2014
Development costs paid before capitalisation	9.961	10.385
Of this capitalised	-	-
Depreciation and impairment of development projects	4.453	2.232
Development costs recognised in the income statement	14.414	12.617

Classification by type of expenditure

Amortisation, intangible assets

Amortisation of intangible assets is recognised in the following items in the income statement:

	2015	2014
Production costs	184	219
Development costs	4.415	2.207
Distribution and marketing expenses	-	-
Administrative expenses etc	-	-
	4.599	2.426

No impairment losses have been recognised in respect of intangible assets.

Depreciation, property, plant and equipment

Depreciation of property, plant and equipment is recognised in the following items in the income statement:

	2015	2014
Production costs	1.296	1.128
Development costs	38	25
Distribution and marketing expenses	20	19
Administrative expenses etc	51	30
	1.405	1.202

Impairment losses reversed, property, plant and equipment

Impairment losses reversed, property, plant and equipment, are recognised in the following items in the income statement:

	2015	2014
Production costs	-	-
Development costs	-	-
Distribution and marketing expenses	-	-
Administrative expenses etc	-	-
	-	-

Notes

Medicom Innovation Partner a/s

(DKK '000)

		2015	2014
2	**Expenses, additional information (continued)**		
	Staff		
	Fee to Executive Board and Board of Directors		
	- Salaries	8.186	2.321
	- Remuneration	309	313
	- Pension	124	124
	- Other expenses	9	9
	Total fee to Executive Board and Board of Directors	8.628	2.767
	Salaries and remuneration	57.063	44.009
	Pensions	3.679	3.534
	Other social security expenses	2.075	2.723
		71.445	53.033
	Average number of full-time employees		
	Denmark	82	80
		82	80
	Staff expenses are recognised in the following items in the income statement:		
	Production costs	45.486	33.263
	Development costs	7.398	8.174
	Distribution and marketing expenses	2.675	4.881
	Administrative expenses etc	15.886	6.715
		71.445	53.033

Exit bonus agreements are entered with the management and will be effected if any majority change in shareholders. Estimated bonus are distributed over the expected exit period.

		2015	2014
3	**Financial income**		
	Foreign exchange gain	687	762
	Other financial income	138	778
	Financial income	825	1.540
4	**Financial expenses**		
	Interest on debt to banks	52	574
	Foreign exchange loss	591	1.253
	Other financial expenses	261	260
	Financial expenses	904	2.087

Notes

Medicom Innovation Partner a/s

(DKK '000)

		2015	2014
5	**Tax on profit/loss on ordinary activities**		
	Current tax	341	35
	Change in deferred tax	2.701	(399)
	Total tax on profit/loss on ordinary activities	3.042	(364)
	Tax for the year is specified as follows:		
	Tax to be recognised in the income statement	3.042	(364)
		3.042	(364)
	Tax on profit/loss for the year is specified as follows:		
	Calculated tax on profit/loss before tax	280	2.487
	Non-deductible expenses and non-taxable income	2.946	7
	Change in valuation of deferred tax assets and change in tax rate	(183)	(936)
	Used tax losses from prior years	-	(1.922)
		3.042	(364)
	Danish tax rate	23,5%	24,5%
	Tax effect of:		
	Non-deductible expenses and non-taxable income	248%	0%
	Unutilised tax losses	0%	0%
	Change in valuation of deferred tax assets and change in tax rate	-15,4%	-9,2%
	Used tax losses from prior years	0,0%	-18,9%
	Average effective tax rate for the year	255,6%	-3,6%

Corporation tax paid, incl tax on account, amounts to DKK 48k.
At 1 March 2007, Medicom Innovation Partner is part of the joint taxation with LDE Holding 11 Aps.

Notes

Medicom Innovation Partner a/s

(DKK '000)

6 Intangible assets

	Acquired rights	Completed development projects	Total
Cost at 1 January 2014	8.934	11.038	19.972
Additions for the year	1.932	-	1.932
Transfer	-	-	-
Cost at 31 December 2014	10.866	11.038	21.904
Amortisation and impairment losses at 1 January 2014	8.568	4.416	12.984
Amortisation for the year	219	2.207	2.426
Impairment losses for the year	-	-	-
Amortisation and impairment losses at 31 December 2014	8.787	6.623	15.410
Carrying amount at 31 December 2014	2.079	4.415	6.494
Cost at 31 December 2014	10.866	11.038	21.904
Amortisation at 31 December 2014	8.787	6.623	15.410
Impairment losses at 31 December 2014	-	-	-
Carrying amount at 31 December 2014	2.079	4.415	6.494
Cost at 1 January 2015	10.866	11.038	21.904
Additions for the year	8.052	-	8.052
Disposals for the year	-	(11.038)	(11.038)
Transfer	-	-	-
Cost at 31 December 2015	18.918	-	18.918
Amortisation and impairment losses at 1 January 2015	8.787	6.623	15.410
Amortisation for the year	224	1.840	2.064
Reversal of impairment and depreciation of sold assets	-	(8.462)	(8.462)
Amortisation and impairment losses at 31 December 2015	9.011	-	9.012
Carrying amount at 31 December 2015	9.907	-	9.906
Cost at 31 December 2015	18.918	-	18.918
Amortisation at 31 December 2015	9.011	-	9.011
Impairment losses at 31 December 2015	-	-	-
Carrying amount at 31 December 2015	9.907	-	9.907

As security for the Company's facility with the banks, a floating charge has been created secured on the Company's ordinary debt, inventories, operating equipment and material as well as intellectual property rights for up to DKK 25 million.

Notes

Medicom Innovation Partner a/s

(DKK '000)

7 Property, plant and equipment

	Plant and machinery	Other fixtures, fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2014	8.461	5.778	138	14.377
Additions for the year	87	999	177	1.263
Disposals for the year	(461)	-	-	(461)
Cost at 31 December 2014	8.087	6.777	315	15.179
Amortisation and impairment losses at 1 January 2014	6.546	5.010	120	11.676
Amortisation for the year	683	461	66	1.210
Reversal of impairment and depreciation of sold assets	(455)	-	-	(455)
Amortisation and impairment losses at 31 December 2014	6.774	5.471	186	12.431
Carrying amount at 31 December 2014	1.313	1.306	129	2.748
Cost at 31 December 2014	8.087	6.777	315	15.179
Amortisation at 31 December 2014	6.774	5.471	186	12.431
Impairment losses at 31 December 2014	-	-	-	-
Carrying amount at 31 December 2014	1.313	1.306	129	2.748
Hereof assets under finance lease:	-	224	-	224
Cost at 1 January 2015	8.087	6.777	315	15.179
Additions for the year	118	808	-	926
Disposals for the year	(491)	(110)	-	(601)
Cost at 31 December 2015	7.714	7.476	315	15.505
Amortisation and impairment losses at 1 January 2015	6.774	5.471	186	12.431
Amortisation for the year	688	610	59	1.358
Impairment losses for the year	-	-	-	-
Reversal of impairment and depreciation of sold assets	(483)	(110)	-	(593)
Amortisation and impairment losses at 31 December 2015	6.979	5.972	245	13.196
Carrying amount at 31 December 2015	735	1.504	70	2.309
Cost at 31 December 2015	7.714	7.476	315	15.505
Amortisation at 31 December 2015	6.979	5.972	245	13.196
Impairment losses at 31 December 2015	-	-	-	-
Carrying amount at 31 December 2015	735	1.504	70	2.309
Hereof assets under finance lease:	-	107	-	107

General, property, plant and equipment:
The carrying amount corresponds to the expected remaining life and any scrap value.

There are no contractual obligations at 31 December 2015 relating to the acquisition of property, plant and equipment (DKK 0 at 31 December 2014).

As security for the Company's facility with the banks, a floating charge has been created secured on the Company's ordinary debt, inventories, operating equipment and material as well as intellectual property rights for up to DKK 25 million.

Notes

Medicom Innovation Partner a/s

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8 Deferred tax

	Long-term assets	Short-term assets	Loss carry-forward	Provisions	Total
Deferred tax at 1 January 2014	1.495	(48)	(11.699)	(124)	(10.376)
Adjustment for the year	(256)	685	2.374	(19)	2.784
Deferred tax at 31 December 2014	1.239	637	(9.325)	(143)	(7.592)
Of this not recognised in the balance sheet					-
Capitalised deferred tax at 31 December 2014	1.239	637	(9.325)	(143)	(7.592)
Deferred tax at 1 January 2015	1.239	637	(9.325)	(143)	(7.592)
Adjustment for the year	430	241	2.183	(153)	2.701
Deferred tax at 31 December 2015	1.669	878	(7.142)	(296)	(4.891)
Of this not recognised in the balance sheet					-
Capitalised deferred tax at 31 December 2015	1.669	878	(7.142)	(296)	(4.891)

Provision for deferred tax has been made at the current Danish tax rate.

It is expected that the capitalised loss carry-forward may be utilised within a time horizon of 3 - 4 years.

9 Other financial receivables

	2015	2014
Other financial receivables (gross), end of year	1.107	998
Provisions for bad debts, end of year	-	-
Other financial receivables (net), end of year	1.107	998

The fair value of other financial receivables amounts to DKK 1.107k (2014: DKK 998k). The value comprises deposit for leased premises which will remain for the term of the lease.

The fair value is stated as the net present value of future expected cash flows concerning the receivables.

10 Investments

	Shares
Cost at 1 January	-
Additions for the year	0
Disposals for the year	-
Cost at 31 December	0
Impairment losses at 1 January	-
Resersed impairment losses on disposals for the year	-
Impairment losses at 31 December	-
Carrying amount at 31 December 2015	0

Investments in subsidaries are specified as follows:

Name	Share capital	Votes and ownership
Medicom Innovation Partner Ltd.	0	100%

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Medicom Innovation Partner a/s

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11 Inventories

	2015	2014
Raw materials and consumables	4.533	8.002
Work in progress	664	444
Finished goods and goods for resale	1.311	1.082
Inventories, end of year	6.508	9.528

Inventories are expected to be realised within a period of 12 months.

Cost of sales for the year is recognised in production costs	28.580	34.737
Write-down for the year of inventories is recognised in production costs	-	-
Resersal for the year of write-down of inventories is recognised in production costs	17	312

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12 Trade receivables

	2015	2014
Trade receivables (gross), beginning of year	33.765	23.283
Provision for bad debt	-	-
Change of provision in the year	-	-
Realised losses in the year	-	-
Provision for bad debt, end of year	-	-
Trade receivables (net), end of year	33.765	23.283
Trade receivables not due (due 0-3 months after the balance sheet date)	33.765	23.283
Trade receivables due from 0 to 1 month before the balance sheet date	-	-
Trade receivables due more than 1 month before the balance sheet date	-	-
Trade receivables (net), end of year	33.765	23.283

All trade receivables fall due within one year.

Any provision for bad debt has been recognised directly in administrative expenses in the income statement and the provision, if any, will be made based on an individual assessment of the creditworthiness of the debtors.

The fair value of trade receivables is DKK 33,765k (2014: DKK 23,283k). For receivables falling due within 1 year after the balance sheet date, the carrying amount is in all materiality considered to correspond to the fair value.

13 Receivables from and payables to group enterprises and associates

	2015	2014
Payables to group enterprises (gross) at 31 December	1.596	336

The fair value of payables to group enterprises is DKK 1,596k (2014: DKK 336k). For payables falling due within 1 year after the balance sheet date, the carrying amount is in all materiality considered to correspond to the fair value.

	2015	2014
Payables to associates (gross) at 31 December	-	1.039

The fair value of payables to associates is DKK 0k (2014: DKK 1,039k). For payables falling due within 1 year after the balance sheet date, the carrying amount is in all materiality considered to correspond to the fair value.

14 Contract work in progress

	2015	2014
Expenses conc. work performed at the balance sheet date	84.069	99.973
Profit included in the income statement, net	6.432	22.451
Sales value of work performed at the balance sheet date	90.501	122.424
Invoicing on account	(103.199)	(122.839)
	(12.698)	(415)
The net value is recognised as follows in the balance sheet:		
Contract work in progress	2.073	3.685
Prepayments received from customers conc. work in progress	(14.771)	(4.100)
	(12.698)	(415)
Prepayments received from customers conc. products	(2.722)	(249)
Prepayments, end of year	(17.493)	(4.349)

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		2015	2014
15	**Other receivables**		
	Other receivables	42	32
	Carrying amount, end of year	42	32

All other receivables fall due within one year.

The fair value of other receivables is DKK 42k (2014: DKK 32k). For receivables falling due within 1 year after the balance sheet date, the carrying amount is considered to correspond to the fair value.

		2015	2014
16	**Share capital**		
	The share capital consists of 16,778,061 shares of DKK 1	16.778	16.778

No shares carry any special rights.

Specification of movement on share capital	2015	2014	2013	2012	2011
Share capital at the beginning	16.778	16.778	16.778	16.778	11.921
Capital increase	-	-	-	-	4.857
Capital reduction	-	-	-	-	-
Share capital at the end	16.778	16.778	16.778	16.778	16.778

17 Retained earnings

In 2015 DKK 0 was paid as dividend, corresponding to DKK 0 per share (2014: DKK 0, corresponding to DKK 0 per share).
A dividend of DKK 0k, corresponding to DKK 0k per share, will be proposed for 2015.

Medicom Innovation Partner's Executive Board and Board of Directors currently assess whether the Company's capital structure is adequate and which activities are necessary to ensure this.
Usually no dividend is paid out unless it may be included in net profit/loss for the year.

18 Subordinate loans

At 31 December 2014	Due within 1 year	Due within 1 - 5 years	Due after 5 years	Total due after 1 year
Subordinate loans	3.500	-	-	-
Carrying amount at 31 December 2014	3.500	-	-	-

At 31 December 2015	Due within 1 year	Due within 1 - 5 years	Due within 5 years	Total due after 1 year
Subordinate loans	-	-	-	-
Carrying amount at 31 December 2015	-	-	-	-
Future interest	-	-	-	-
Subordinate loans incl future interest	-	-	-	-

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19 Provisions

	2015	2014
Warranty provisions at 1 January	112	-
Provisions in the year	867	112
Provisions used in the year	-	-
Warranty provisions, end of year	979	112
Provisions for anniversary bonus at 1 January	274	190
Provisions in the year	69	70
Provisions used in the year	(90)	-
Provisions reversed in the year	(29)	-
Change for the year in the calculation of net present value	(6)	14
Provisions for anniversary bonus, end of year	218	274
Provisions, end of year	1.197	386
The due dates for warranty provisions are expected to be as follows:		
Due within 1 year	-	-
Due within 1-5 years	979	112
Due after 5 years	-	-
Warranty provisions, end of year	979	112
The due dates for provisions for anniversary bonus are expected to be as follows:		
Due within 1 year	26	85
Due within 1-5 years	133	115
Due after 5 years	59	74
Provisions for anniversary bonus, end of year	218	274

The Company provides 3-year warranty on certain products and is therefore obliged to repair or replace items which do not function satisfactorily.

Provisions of DKK 979k (2014: DKK 112k) for expected warranty claims have been recognised based on previous experience concerning the level of repairs and returns.

The statement of the expected due dates has been prepared based on previous experience of when repairs and returns, if any, appear.

No compensation will be received from other parties concerning the provisions.

The provision for anniversary bonus is the result of discounting of the nominal expectations, as the timing effect conc. anniversary bonus is material due to the long time horizon for actual payment of the anniversary bonus. No discounting has been used concerning the warranty provision as the time horzon is limited (max 3 years) and the timing effect is therefore immaterial.

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20 Short- and long-term debt

At 31 December 2014	Due within 1 year	Due within 1 - 5 years	Due after 5 years	Total due after 1 year
Long-term debt:				
Finance lease	117	111	-	111
Carrying amount at 31 December 2014	117	111	-	111
Future interest, debt not on demand:				-
Finance lease	8	-	-	-
Total future interest	8	-	-	-
Long-term debt incl future interest	125	111	-	111
Short-term debt:				
Floating-rate overdraft facility, interest level 3.5 - 4%	4.528	-	-	-
Carrying amount at 31 December 2014	4.528	-	-	-

At 31 December 2015	Due within 1 year	Due within 1 - 5 years	Due after 5 years	Total due after 1 year
Long-term debt:				
Finance lease	111	-	-	-
Carrying amount at 31 December 2015	111	-	-	-
Future interest, debt not on demand:				
Finance lease	2	-	-	-
Total future interest	2	-	-	-
Long-term debt incl future interest	113	-	-	-
Short-term debt:				
Floating-rate overdraft facility, interest level 3.5 - 4%	-	-	-	-
Carrying amount at 31 December 2015	-	-	-	-

See also the description of financial risks on page 8 of Management's Review.

The value of short- and long-term debt in Medicom Innovation Partner amounts to DKK 0k against DKK 4,528k in 2014 (excl finance lease).

Lease obligation
As regards the lease obligation, the agreement is subject to floating-rate interest. The fair value of the lease obligation therefore equals the nominal lease obligation, ie DKK 111k at the end of 2015 against DKK 228k at the end of 2014.

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		2015	2014
21	**Other payables**		
	Payroll items	29.031	11.738
	Other	1.707	711
	Total other payables	30.738	12.449

No other payables fall due for payment after 1 year.

The fair value of other payables is DKK 30,738k (2014: DKK 12,449k).

For payables falling due within 1 year after the balance sheet date the carrying amount of the payables is in all materiality considered to equal the fair value of the payables.

		2015	2014
22	**Adjustments**		
	Change in other provisions etc	811	196
	Financial income etc	(825)	(1.540)
	Financial expenses etc	904	2.087
	Tax on profit/loss for the year	2.993	(364)
		3.883	379

		2015	2014
23	**Change in working capital**		
	Change in receivables etc	(9.775)	(4.058)
	Change in inventories	3.020	(1.057)
	Change in trade payables etc	32.235	(12.626)
		25.480	(17.741)

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		2015	2014
24	**Fee to auditors**		
	Statutory audit		
	PricewaterhouseCoopers, 2015	120	120
	Fee to auditors appointed at the general meeting	120	120
	Other assurance assignments	80	80
	Tax advisory services	25	25
	Other services	6	6
	PricewaterhouseCoopers	111	111
	Total fee to auditors	231	231

25 **Contingent liabilities and other financial obligations**

a **Rental and lease obligations concerning operating lease etc**

The Company has entered into operating leases concerning three cars. The periods covered by the leases run for up to 26 months as from 31 December 2015.

Moreover, the Company has entered into seven tenancy agreements. The tenancy agreements covers up to 12 months.

Lease obligations relating to fixtures and fittings, etc	185	461
Rental obligations relating to offices and factory property	1.338	1.398
Total	1.523	1.859
Specified as follows:		
Due within 1 year	1.451	1.633
Due between 1 and 5 years	72	226
Due after more than 5 years	-	-
	1.523	1.859
Rental and lease payments for the period	2.433	2.594
Hereof minimum rental and lease payments	2.433	2.594

At the balance sheet date, there are no non-cancellable leases concerning assets held under operating lease from which rental income is received.

b **Contract obligations**
The Company has entered into contract obligations of DKK 1.048k. termination no later than 2018.

c **Joint taxation**
With effect from 1 March 2007, Medicom Innovation Partner is included in the joint taxation with LDE Holding 11 ApS. Danish Group companies are jointly and severally liable for tax on consolidated taxable income, etc. The total amount of the annual report for Equity Datterholding 11 ApS, which is the management company in relation to joint taxation.

d **Litigations**
Medicom Innovation Partner is not engaged in any litigation.

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26 Financial instruments

The scope and type of the Company's financial instruments appear from the income statement, the balance sheet and accounting policies under notes. Below information is provided on the conditions which may affect amounts, payment date or the reliability of future payments, where such information does not directly appear from the Company's Financial Statements or follow from normal practice.

Monetary items* in foreign currencies in the balance sheet at the end of the year:

At 31 December 2014

Currency	Payment/expiry	Assets	Liabilities	Net
EUR	0-12 months	24.861	6.473	18.388
USD	0-12 months	2.704	1.677	1.027
GBP	0-12 months	-	145	(145)
Other	0-12 months	-	-	-

At 31 December 2015

Currency	Payment/expiry	Assets	Liabilities	Net
EUR	0-12 months	35.361	18.270	17.091
USD	0-12 months	4.565	2.030	2.535
GBP	0-12 months	31	17	14
Other	0-12 months	-	-	-

* Monetary items are cash at bank and in hand and similar, receivables as well as payables which are settled in cash.

Hedging of foreign currency
Purchases of services abroad are denominated in USD and GBP.
There are signed annual contracts to hedge the currency risk, in the event that the management believes that there is uncertainty as to the market development in short and long term.
The finansiel statement included a net receivable on foreign exchange contracts of DKK 42k (in 2014 the finansiel statement included a receivble of DKK 0k) Management has chosen not to apply hedge accounting.

Sensitivity to foreign exchange risks:
The quantification of foreign exchange risks was made as an +/- 10% analysis of the effect on revenue:

	2015		2014	
DKK million	Revenue	Risks	Revenue	Risks
Revenue nominated in EUR	130,8	0*	112,1	0*
Revenue nominated in USD	4,5	0,4	0,6	0,1
Revenue in DKK	11,1	0**	12,3	0**

* It is considered unlikely that EUR will fluctuate by +/- 10% due to Denmark's firm rates policy which allows only very marginal fluctuations
** There is no exchange risk in respect of DKK

In 2015 revenue is expected to be mainly in EUR, and therefore it is not assessed that there will be any material exchange risks.

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27 Related parties

The Company's related party with controlling interest is Equity Datterholding 11 ApS, Copenhagen K.

Interest in subsidaries are set out in note 13.

The related parties with significant influence in the Company are the Executive Board and some senior employees as well as their related family members. Related parties also comprise companies in which these persons have material interests.

Executive Board and senior employees

Besides what follows from the employment, there have been no transactions with the Executive Board or senior employees. Remuneration appear from note 6.

Trade with related parties with controlling interest has comprised the following:

	2015	2014
Interest expenses to related parties	283	112

Trade with related parties with material interest (Bang & Olufsen a/s) has comprised the following:

	2015	2014
Sale of services to related parties	-	102
Purchase of services from related parties	-	2.242
Interest expenses to related parties	-	69

Accounts with related parties

The payment terms for normal trade is current month plus 30 days. No security has been provided for the accounts, and there has been no need to make provisions for expected bad debt concerning these accounts. Moreover, no losses have been realised concerning these accounts in 2015 or 2014.

28 Group matters

The Company, whose controlling shareholder is Equity Datterholding 11 ApS, is included in the Consolidated Financial Statements of its Parent Company, LDE Holding 11 ApS, Copenhagen. LDE Holding 11 ApS is owned by LD Equity 2 K/S.