

Ibsen Photonics A/S
Central Business Registration No
26284066
Ryttermarken 15-21
3520 Farum

Annual report 2015

The Annual General Meeting adopted the annual report on 14.03.2016

Chairman of the General Meeting



Name: Torben Jacobsen

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Entity details

Entity

Ibsen Photonics A/S
Ryttermarken 15-21
3520 Farum

Central Business Registration No: 26284066
Registered in: Furesø
Financial year: 01.01.2015 - 31.12.2015

Phone: 44347000
Internet: www.ibsen.com
E-mail: info@ibsen.com

Board of Directors

Kim Vejlby Hansen, chairman
Michael Gustav Brock
Torben Jacobsen

Executive Board

Henrik Skov Andersen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Ibsen Photonics A/S for the financial year 01.01.2015 - 31.12.2015.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015.

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

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

Farum, 14.03.2016

Executive Board



Henrik Skov Andersen

Board of Directors



Kim Vejlby Hansen
chairman



Michael Gustav Brock



Torben Jacobsen

Independent auditor's reports

To the owners of Ibsen Photonics A/S

Report on the financial statements

We have audited the financial statements of Ibsen Photonics A/S for the financial year 01.01.2015 - 31.12.2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 the overall presentation of the financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

Independent auditor's reports

Statement on the management commentary

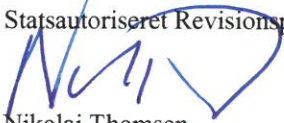
Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

Copenhagen, 14.03.2016

Deloitte

Statsautoriseret Revisionspartnerselskab



Nikolaj Thomsen

State Authorised Public Accountant

CVR-nr. 33963556

Management commentary

Primary activities

The objective of Ibsen Photonics A/S is to develop, produce and market optical and optoelectronic components.

Development in activities and finances

The Company has in 2015 experienced strong sales growth in all business areas. The sales pipeline of new customers has been strengthened further, and the Company has a strong order book moving into 2016.

The Company realised a gross profit of DKK 17,309,729. Results show a profit of DKK 529,724 and equity amounts to DKK 6,127,617.

The Company's liquidity and solvency are good. The Company has a credit facility of DKK 4 million in the Company's bank.

Company Management finds the results satisfactory.

Outlook

Both in the medium and long term, the markets for products based on Ibsen's core competence, diffractive optics, are expected to show good growth rates.

The Company works in different markets in order to reduce the dependency on any one individual market. The Company is able to use the same technology in different markets, for which reason the technological synergy is material.

The outlook for 2016 is positive. However, the Company's growth rate continues to be influenced by the uncertainty related to the short term development of each market.

Events after the balance sheet date

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

Accounting policies

Reporting class

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

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

Recognition and measurement

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

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

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

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

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

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit or loss

With reference to section 32 of Danish financial statements Act, revenue has not been disclosed in the Annual report.

Gross profit or loss comprises revenue, other operating income, cost of raw materials and consumables and external expenses.

Accounting policies

Revenue

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

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income and public contributions to development projects.

Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

Other external expenses

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

Staff costs

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

Amortisation, depreciation and impairment losses

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

Other financial income

Other financial income comprise interest income, net capital gains on payables and foreign currency transactions.

Other financial expenses

Other financial expenses comprise interest expenses, net capital losses on payables and foreign currency transactions.

Accounting policies

Income taxes

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

The Entity is jointly taxed with the other Danish companies in the FOSS Group. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-manufactured assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs.

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

Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

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

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

Accounting policies

Receivables

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

Inventories

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

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Income tax payable or receivable

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

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

Prepayments received from customers

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

Deferred income

Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at cost.

Income statement for 2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Gross profit		17.309.729	11.570.438
Staff costs	1	(15.942.234)	(13.924.544)
Depreciation, amortisation and impairment losses	2	<u>(914.523)</u>	<u>(907.243)</u>
Operating profit/loss		452.972	(3.261.349)
Other financial income	3	382.079	140.729
Other financial expenses	4	<u>(305.327)</u>	<u>(185.466)</u>
Profit/loss from ordinary activities before tax		529.724	(3.306.086)
Tax on profit/loss from ordinary activities	5	<u>0</u>	<u>845.472</u>
Profit/loss for the year		<u>529.724</u>	<u>(2.460.614)</u>
Proposed distribution of profit/loss			
Retained earnings		<u>529.724</u>	<u>(2.460.614)</u>
		<u>529.724</u>	<u>(2.460.614)</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Acquired patents		0	72.233
Intangible assets	6	0	72.233
Plant and machinery		2.802.040	3.246.710
Other fixtures and fittings, tools and equipment		48.287	146.775
Leasehold improvements		212.171	202.345
Property, plant and equipment in progress		220.212	23.594
Property, plant and equipment	7	3.282.710	3.619.424
Other receivables		100.000	100.000
Fixed asset investments		100.000	100.000
Fixed assets		3.382.710	3.791.657
Raw materials and consumables		4.434.291	3.726.861
Manufactured goods and goods for resale		1.314.697	1.007.512
Inventories		5.748.988	4.734.373
Trade receivables		2.980.750	3.246.978
Receivables from group enterprises		147.375	436.181
Other short-term receivables		338.153	97.599
Income tax receivable		0	751.706
Prepayments		257.002	545.648
Receivables		3.723.280	5.078.112
Cash		1.679.872	1.032.650
Current assets		11.152.140	10.845.135
Assets		14.534.850	14.636.792

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Contributed capital	8	6.857.143	6.857.143
Retained earnings		<u>(729.526)</u>	<u>(1.259.250)</u>
Equity		<u>6.127.617</u>	<u>5.597.893</u>
Bank loans		281.946	1.584.123
Prepayments received from customers		3.541.827	3.564.183
Trade payables		1.627.584	1.391.082
Debt to group enterprises		0	205.820
Other payables		2.955.876	2.159.606
Deferred income		<u>0</u>	<u>134.085</u>
Current liabilities other than provisions		<u>8.407.233</u>	<u>9.038.899</u>
Liabilities other than provisions		<u>8.407.233</u>	<u>9.038.899</u>
Equity and liabilities		<u>14.534.850</u>	<u>14.636.792</u>
Unrecognised rental and lease commitments	9		
Contingent liabilities	10		
Consolidation	11		

Statement of changes in equity for 2015

	Contributed capital DKK	Retained ear- nings DKK	Total DKK
Equity beginning of year	6.857.143	(1.259.250)	5.597.893
Profit/loss for the year	0	529.724	529.724
Equity end of year	6.857.143	(729.526)	6.127.617

Notes

	2015 DKK	2014 DKK
1. Staff costs		
Wages and salaries	14.888.004	13.274.559
Other social security costs	165.960	162.719
Other staff costs	888.270	487.266
	15.942.234	13.924.544
	2015 DKK	2014 DKK
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	72.233	70.943
Depreciation of property, plant and equipment	842.290	836.300
	914.523	907.243
	2015 DKK	2014 DKK
3. Other financial income		
Interest income	82	8
Exchange rate adjustments	381.997	140.721
	382.079	140.729
	2015 DKK	2014 DKK
4. Other financial expenses		
Interest expenses	27.313	39.364
Exchange rate adjustments	264.157	104.490
Other financial expenses	13.857	41.612
	305.327	185.466
	2015 DKK	2014 DKK
5. Tax on ordinary profit/loss for the year		
Current tax	0	(751.706)
Adjustment relating to previous years	0	(93.766)
	0	(845.472)

Current tax is offset by the Company's carried forward loss from previous years.

Notes

				Acquired patents DKK
6. Intangible assets				
Cost beginning of year				3.015.403
Cost end of year				3.015.403
Amortisation and impairment losses beginning of year				(2.943.170)
Amortisation for the year				(72.233)
Amortisation and impairment losses end of year				(3.015.403)
Carrying amount end of year				0
	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK	Property, plant and equipment in progress DKK
7. Property, plant and equipment				
Cost beginning of year	18.579.139	472.750	259.507	23.594
Additions	243.077	0	65.881	196.618
Cost end of year	18.822.216	472.750	325.388	220.212
Depreciation and impairment losses beginning of the year	(15.332.429)	(325.975)	(57.162)	0
Depreciation for the year	(687.747)	(98.488)	(56.055)	0
Depreciation and impair- ment losses end of the year	(16.020.176)	(424.463)	(113.217)	0
Carrying amount end of year	2.802.040	48.287	212.171	220.212
		Number	Par value DKK	Nominal value DKK
8. Contributed capital				
Ordinary shares		6.857.143	1,00	6.857.143
		6.857.143		6.857.143

Notes

	<u>2015</u> <u>DKK</u>	<u>2014</u> <u>DKK</u>
9. Unrecognised rental and lease commitments		
Commitments under rental agreements or leases until expiry	<u>8.177.160</u>	<u>8.729.944</u>

10. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which N. FOSS & Co. A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is, therefore, liable from 1 July 2012 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

The jointly taxed companies' net liability towards the Danish tax authorities is evident from the administration company N. FOSS & Co. A/S' financial statements for 2015, to which we refer for a monetary statement of the liability.

A floating charge of DKK 3,000,000 has been placed as a security for the credit facilities.

11. Consolidation

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

N. Foss & Co. A/S, Foss Allé 1, 3400 Hillerød