

IPM-INTELLIGENT POLLUTANT MONITORING ApS

Lundtoftegårdsvej 95, 1 st
2800 Kgs. Lyngby

Annual report
1 January 2016 - 31 December 2016

**The annual report has been presented and
approved on the company's general meeting the**

31/05/2017

Al-Hawraa Zainab Al Atraktchi
Chairman of general meeting

(Not audited)

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Company information

Reporting company IPM-INTELLIGENT POLLUTANT MONITORING ApS
Lundtoftegårdsvej 95, 1 st
2800 Kgs. Lyngby

Phone number: 71908051

CVR-nr: 36435623

Reporting period: 01/01/2016 - 31/12/2016

Auditor

KPMG P/S

Dampfærgevej 28

2100 København Ø

DK Denmark

CVR-nr: 25578198

P-number: 1018974173

Statement by Management

The Management has today discussed and approved the annual report for the financial year 1 January 2016 - 31 December 2016 of IPM-Intelligent Pollutant Monitoring ApS. The annual report has been presented in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January 2016 - 31 December 2016.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, the 31/05/2017

Management

Al-Hawraa Zainab Al Atraktchi
CEO

Auditor's reports

To the Management of IPM-Intelligent Pollutant Monitoring ApS

We have compiled the financial statements of IPM-Intelligent Pollutant Monitoring ApS for the financial year 1 January 2016 - 31 December 2016 based on the Company's bookkeeping records and other information provided by you.

The financial statements comprise accounting policies, income statement, balance sheet and notes. We performed our work in accordance with ISRS 4410 Engagements to Compile Financial Statements. We have applied our expertise to assist you in preparing and presenting the financial statements in accordance with the Danish Financial Statements Act. We have complied with relevant provisions of the Danish Auditors Act and FSR- Danish auditors' ethical rules, including principles of integrity, objectivity, professional competence and due care.

The financial statements and the accuracy and completeness of the information used to compile the Financial statements are your responsibility.

As an engagement to compile financial information is not an assurance engagement, we are not required to verify the accuracy or completeness of the information provided by you for the compilation of the financial statements. Consequently, we do not express an audit opinion or a review conclusion as to whether the financial statements have been prepared in accordance with the Danish Financial Statements Act.

Copenhagen, 31/05/2017

Morten Høgh-Petersen
State Authorised Public Accountant
KPMG P/S
CVR: 25578198

Management's Review

IPM is a high-tech SME spin-off launched by researchers at the Technical University of Denmark (DTU). We have our sights on the kr.24bn market for wireless sensors that detect and alert of chemical pollution in drinking water supplies, even when pollutants are at microgram concentrations. IPM technology does away with routine visits to collect water samples for analyses in accredited labs.

Development in the Year

Early in 2016, IPM received Innobooster grant to further develop its product and mature it to a stage where it can be applicable in the market. The team managed to successfully develop a protocol for measuring nitrate compounds using the prototype designed in 2015. The prototype was further enhanced and modified so it can give accurate measurements, be smaller in size and remotely controlled.

IPM was also granted a Eurostars grant to initiate a new project titled CoPs. The main focus of this project is to apply the same core technique of nitrate detection but for measuring pesticides. The project is running for two years in collaboration with Danish and EU partners and with a goal to have a fully functional device by the end of this project. Currently at IPM, we are mainly focused on developing our core technology which is the sensor platform and the operational protocol for the device.

We had several opened positions during 2016 where people with various competences joined the team to develop and modify specific parts of the product.

Expectation For the next year

IPM is planning to continue on developing the two products for nitrate and for pesticide detection. It is planned that the nitrate prototype will be tested mid-2017 to demonstrate the ability of delivering similar results to what is obtained under laboratory conditions. It is expected that IPM will have open positions during 2017 so the development process will speed up to meet market demands and legislation requirements.

Accounting Policies

The annual report has been prepared in accordance with the regulation applying to Reporting class B.

Income statement

Revenue

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties.

Staff cost

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Other operating costs

Other operating costs comprise items secondary to the activities of the entities, including losses on the disposal of intangible assets and property, plant and equipment.

Financial income and expenses

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

Dividends from equity investments in group entities and associates measured at cost are recognised as income in the Parent Company's income statement in the financial year when the dividends are declared. To the extent that the dividends exceed the accumulated earnings after the acquisition date, the dividends are recognised as a reduction of the cost of the equity investment.

Tax on profit/loss for the year

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

Balance sheet

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio

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

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Equity

Dividends

Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Cooperation tax and deferred tax

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

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to office buildings non-deductible for tax purposes and other items where temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

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

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

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

Other liabilities are measured at net realisable value.

Income statement 1 Jan 2016 - 31 Dec 2016

| | Disclosure | 2016 kr. | 2014/15 kr. |
|--|------------|----------------|----------------|
| Gross Result | | 262,045 | -11,893 |
| Employee expense | | -303,603 | 0 |
| Profit (loss) from ordinary operating activities | | -41,558 | -11,893 |
| Other finance expenses | | 0 | -753 |
| Profit (loss) from ordinary activities before tax | | -41,558 | -12,646 |
| Tax expense | | 0 | 0 |
| Profit (loss) | | -41,558 | -12,646 |

Balance sheet 31 December 2016

Assets

| | Disclosure | 2016 | 2014/15 |
|---------------------------------|-------------------|----------------|----------------|
| | | kr. | kr. |
| Other receivables | | 288,000 | 2,246 |
| Receivables | | 288,000 | 2,246 |
| Cash and cash equivalents | | 14,310 | 22,086 |
| Current assets | | 302,310 | 24,332 |
| Total assets | | 302,310 | 24,332 |

Balance sheet 31 December 2016

Liabilities and equity

| | Disclosure | 2016 kr. | 2014/15 kr. |
|---|------------|----------------|----------------|
| Contributed capital | | 50,000 | 670 |
| Retained earnings | | -54,203 | -12,646 |
| Total equity | | -4,203 | -11,976 |
| Payables to associates | | 18,217 | 18,217 |
| Other payables, including tax payables, liabilities other than provisions | | 49,626 | 18,091 |
| Deferred income | | 238,670 | |
| Short-term liabilities other than provisions, gross | | 306,513 | 36,308 |
| Liabilities other than provisions, gross | | 306,513 | 36,308 |
| Liabilities and equity, gross | | 302,310 | 24,332 |

Statement of changes in equity 1 Jan 2016 - 31 Dec 2016

| | Contributed capital | Retained earnings | Total |
|---------------------------------|--------------------------------|------------------------------|--------------|
| | kr. | kr. | kr. |
| Equity, beginning balance | 670 | -12,645 | -11,975 |
| Increase of capital | 49,330 | | 49,330 |
| Profit (Loss) | | -41,558 | -41,558 |
| Equity, ending balance | 50,000 | -54,203 | -4,203 |

Disclosures

1. Disclosure of contingent liabilities

The Company participates in a Danish joint taxation arrangement with other companies of the same group. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

2. Disclosure of ownership

Ownership

The company has registered the following shareholders holding more than 5% of the voting rights or nominal value:

JSN-HG IVS
c/o Jafar Safaa Noori
Sløjen 13
2670 Greve

WISV Holding IVS
Hf. Engvang 83 A
2300 København S

3. Information on average number of employees

| | 2016 | 2014/15 |
|-----------------------------------|------|---------|
| Average number of employees | 1 | 1 |