

SHUTE SENSING SOLUTIONS IVS

Virumgade 27
2830 Virum

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

Kristian Nielsen
Chairman of general meeting

(Not audited)

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Company information

Reporting company	SHUTE SENSING SOLUTIONS IVS Virumgade 27 2830 Virum CVR-nr: 36537221 Reporting period: 01/01/2016 - 31/12/2016
Main financial institution	Nordea Hovedvejen 112 2600 Glostrup DK Danmark
Auditor	KPMG P/S Dampfærgevej 28 2100 København Ø DK Danmark CVR-nr: 25578198 P-number: 1018974173

Statement by Management

The Management has today discussed and approved the annual report for the financial year 01. January 2016 – 31 December 2016 of SHUTE SENSING SOLUTIONS IVS. 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 01. January 2016 – 31 December 2016

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

Copenhagen, the 22/05/2017

Management

Kristian Nielsen

Opting out of auditing financial statements in next reporting period due to exemption

Management confirms that the company fulfils the requirements to be exempt of audit.

Auditor's reports

To the management of SHUTE SENSING SOLUTIONS IVS

We have prepared the annual report of SHUTE SENSING SOLUTIONS IVS for the income year 01. January 2016 to 31 December 2016 based on the Company's bookkeeping and additional information that you have provided.

The annual report comprises accounting practice, profit/loss, balance sheet and notes.

We performed our work in accordance with ISRS 4410 Engagements to Compile Financial Information. We applied our professional expertise in order to assist you in preparing and presenting the annual report in accordance with the Danish Financial Statement Act. We complied with relevant provisions of the Danish Auditors Act and FSR – Danish Auditors' ethical rules, including principles regarding integrity, objectivity, professional competence and due care.

The annual and the accuracy and completeness of the information applied when preparing the annual report 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 you have provided to us for the purpose of our preparation of the annual report. Consequently, we do not express any opinion as to whether the annual report has been prepared in accordance with Danish Financial Statement Act.

Copenhagen, 22/05/2017

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

Management's Review

Main activities

SHUTE Sensing Solutions is a spin out from the Technical University of Denmark with the aim of commercializing polymer optical fiber sensor technology developed at the department of photonics.

The sensing technology that SHUTE Sensing Solutions is developing offers superior performance in regards to strain, pressure and humidity sensing. The low profile of the optical fibers enables access to previously unreachable locations and the polymer host material offers superior mechanical compatibility to composite structures.

SHUTE is both partnering with other companies to improve their products and production methods, and developing novel humidity sensors for the construction industry.

Development in the year

The company has made great development strives towards solving the interfacing and cost issues associated with bringing a new technology to the market. A field version of the interrogation equipment has been developed and issues of optical connectivity have been solved.

Expectations for the coming year

The company is expecting to initiate work on development contracts under negotiation and to convert the numerous relationships formed during this year into new development contracts.

A new low-cost interrogator for humidity measurements in the construction industry is expected to be launched in second half of 2017.

Accounting Policies

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

General

The annual report of SHUTE SENSING SOLUTIONS IVS for 2016 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act.

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015

Income statement

Gross profit

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Revenue

Income from the sale of services is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place, the income may be reliably measured and is expected to be received.

Revenue is measured at fair value of the agreed remuneration excluding VAT and taxes charged on behalf of third parties. All forms of discounts granted are deducted from revenue.

Staff costs

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

Other operating costs

Other operating costs comprise items secondary to the Company's activities, including loss on the sale of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financial items comprise interest income and interest expense.

Dividends from investments in subsidiaries are recognised in the income statement in the year when the dividends are declared.

Tax on profit/loss for the year

The Company is comprised by the Danish rules on compulsory joint taxation of the Group's Danish companies. The Company serves as the administrative company for the joint taxation and consequently settles all payments of corporation tax with the tax authorities. Current Danish corporation tax is allocated by the settlement of joint taxation contributions between the jointly taxed enterprises in proportion to their taxable income. In relation thereto, enterprises with tax losses receive joint taxation contributions from enterprises, which have been able to use this loss to reduce their tax loss.

Tax for the year comprises current tax 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

Equity

Dividends

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

Corporation tax and deferred tax

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

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability.

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. 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 in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement and in equity.

Liabilities

Financial liabilities are recognised at cost at the date of borrowing, equivalent to proceeds received less transaction costs paid. Other liabilities are measured at net realisable value.

Income statement 1 Jan 2016 - 31 Dec 2016

	Disclosure	2016 kr.	2015 kr.
Gross Result		316,071	-680
Employee expense	1	-308,721	0
Profit (loss) from ordinary operating activities		7,350	-680
Other finance expenses		0	-3,150
Profit (loss) from ordinary activities before tax		7,350	-3,150
Tax expense		-1,617	0
Profit (loss)		5,733	-3,830
Proposed distribution of results			
Retained earnings		5,733	-3,830
Proposed distribution of profit (loss)		5,733	-3,830

Balance sheet 31 December 2016

Assets

	Disclosure	2016	2015
		kr.	kr.
Deposits		0	6,000
Investments		0	6,000
Total non-current assets		0	6,000
Other receivables		0	2,457
Receivables		0	2,457
Cash and cash equivalents		36,545	162
Current assets		36,545	2,619
Total assets		36,545	8,619

Balance sheet 31 December 2016

Liabilities and equity

	Disclosure	2016	2015
		kr.	kr.
Contributed capital		3,449	3,449
Retained earnings		5,733	-3,830
Total equity		9,182	-381
Tax payables		1,617	0
Other payables, including tax payables, liabilities other than provisions		25,746	0
Payables to shareholders and management		0	9,000
Short-term liabilities other than provisions, gross		27,363	9,000
Liabilities other than provisions, gross		27,363	9,000
Liabilities and equity, gross		36,545	8,619

Disclosures

1. Employee expense

	2016	2015
	kr.	kr.
Wages and salaries	305.313	0
Post employment benefit expense	0	0
Social security contributions	3.408	0
	308.721	0
Average number of employees	1	0

2. Main activities and accounting and financial matters

Main activities

Manufacture of optical instruments and photographic equipment.

3. Disclosure of ownership

Ownership

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

Ole Bang Holding IVS, Kongevejen 215, 2830 Virum.

MONIKA LUNIEWSKA HOLDING IVS, Larsbjørnsstræde 21, 1454 København K.

KRISTIAN NIELSEN HOLDING IVS, Virumgade 27 B, 2830 Virum.