



KPMG
Statsautoriseret Revisionspartnerselskab
Søndre Jernbanevej 18 D
P.O. Box 239
3400 Hillerød
Denmark

Telefon 38 18 30 00
Telefax 72 29 30 30
www.kpmg.dk

**The International Society for Prosthetics
and Orthotics**

Financial statements and
supplementary schedules for
the year ended 2012 in EUR

Contents

Statement of the Board of Directors	1
Auditors' report	2-3
Management's review	4
Accounting policies	5
Profit and loss account for the year 2012	6
Balance sheet as at 31 th December 2012	7
Notes to the financial statements	8-11

Statement

Statement of the Board of directors

The Executive and Supervisory Boards have today discussed and approved the annual report of THE INTERNATIONAL SOCIETY FOR PROSTHETICS AND ORTHOTICS for the financial year 1 January – 31 December 2012.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the consolidated financial statements and the parent foundation financial statements give a true and fair view of the Foundations financial position at 31 December 2012 and of the results for the financial year 1 January – 31 December 2012.

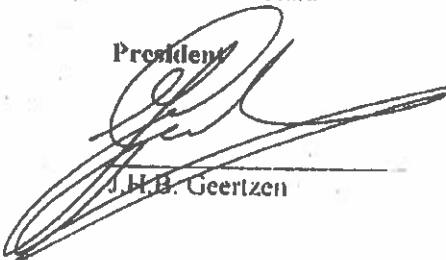
Further, in our opinion, the Management's review gives a fair review of the development in the Foundation's operations and financial matters and the results of the Foundation's operations and financial position.

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

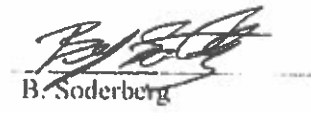
Copenhagen, 1 February 2013

Board of directors

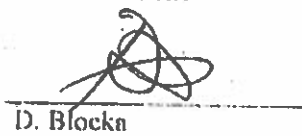
President


J.H.B. Geertzen

President-Elect

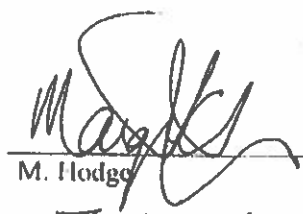

B. Soderberg

Past President

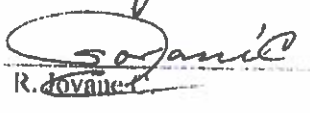

D. Blocka

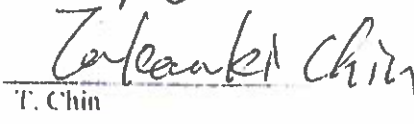
Board Members


H. Van Der Linde

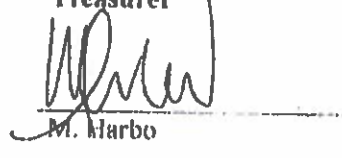

M. Hodges


H-H Kwan

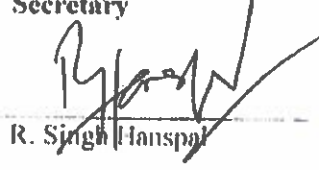

R. Jovanovic


T. Chin

Treasurer


M. Marbo

Secretary


R. Singh Hanspal

**THE INTERNATIONAL SOCIETY FOR
PROSTHETICS AND ORTHOTICS**

**Trekronervej 28
4600 Køge
DENMARK**

**INDEPENDENT AUDITORS' REPORT
AUDITOR'S REPORT**

**To the shareholders of THE INTERNATIONAL SOCIETY FOR PROSTHETICS AND
ORTHOTICS**

We have audited the financial statements of THE INTERNATIONAL SOCIETY FOR PROSTHETICS AND ORTHOTICS (ISPO) for the financial year 1 January – 31 December 2012. The financial statements comprise accounting policies, income statement, balance sheet and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility

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 that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility and basis of opinion

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to 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 auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and presentation 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 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 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 ISPO's financial position at 31 December 2012 and of the results of its operations for the financial year 1 January – 31 December 2012 in accordance with the Danish Financial Statements Act.

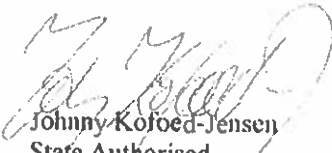
Statement on Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. 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's review is consistent with the financial statements.

Hillerød, 1 February 2013

KPMG

Statsautoriseret Revisionspartnerselskab



Johnny Kofod-Jensen
State Authorised
Public Accountant

MANAGEMENT'S REVIEW**MANAGEMENT'S REVIEW ON FINANCIAL STATEMENT 2012****Director's report:****Revenue:**

Member Dues ended at EURO 184.900 compared to last year EURO 169.400 and budget EURO 171.300.

Sponsorships resulted in EURO 13.000 lower than budget and Publication income EURO 7.400 below budget.

External Grants ended at euro 46.300 compared to a budget at EURO 43.600.

Return on Investments EURO 43.800. at same level as 2011 but EURO 17.000 higher than budget.

The total revenue for the financial year 2012 ended up at EURO 328.800, this is 7.2 % higher than last year and 7.7 % higher than budget.

Expenses:

Overall expenses at EURO 445.000 against last year at EURO 416.600 and budget at EURO 560.300.

The saving compared to budget at EURO 115.300 can be specified as:

Educational Stand & Evaluation	EURO	31.600
Collab. Org/Meetings /Other Committee	EURO	4.100
Conferences and Courses	EURO	30.100
Publications	EURO	9.500
Executive Board/Meetings	EURO	10.800
Office support/Operating Expenses	EURO	29.100

Net Result EURO (116.500) compared to a budget at EURO (244.100).

The Net Asset as per 31.12.2012 is EUR. 1.098.000 - whereof 76.6 % is invested in Bonds.

ACCOUNTING POLICIES

ACCOUNTING POLICIES

The financial statements are presented in accordance with Danish legislation for accounting of class B operations and law of business foundations.

Changes in accounting policies

There have been no changes in the accounting policies.

Generally about accrual accounting and way of measurement

The accrual concept of accounting is used. In the statement of income earnings are included as incurred and so is expenses, including depreciation.

Assets are included in the financial statements when it is expected that such assets will generate income in the future.

Liabilities are included in the financial statements when it is expected such liabilities will reduce the equity in the future.

The cost convention of accounting is used when assets and liabilities are incurred. At next financial statement assets and liabilities are stated as described below.

Provisions are made for expected losses and risks at balance sheet date.

Foreign currency

Receivables, liabilities and other monetary items in foreign currencies are translated to DKK at balance sheet date rates. The difference between year end value and transaction date value are recorded in the statement of income.

Securities

Bonds have been stated at market value at year-end and shares have been stated at the lower of cost of market.

Fixed assets

Computer and office equipment have been stated at cost less accumulated depreciation computed straight line over 3 years.

Depreciation is based on cost and straight line over expected useful lives.

The cost of fixed assets comprises the purchase price and expenses incurred in connection with the acquisition until the time at which the asset is ready for use.

Profit or loss on disposal of fixed assets are estimated as the difference between the selling price less marketing costs and the value according to the accounts on the date of sale.

STATEMENT OF ACTIVITIES FOR 2012 AND 2011

SUMMARY

Notes		2012 <u>EUR</u>	2011 <u>EUR</u>
1	Society member fees	184.944	169.400
2	Sponsorship	1.994	3.051
3	Meetings in other organisations	-5.016	-3.024
4	Conferences, courses, etc.	-43.688	-26.650
5	Publications	15.450	10.322
	RESULT OF ACTIVITIES	153.367	153.099
6	Marketing expenses	-6.556	-3.211
7	Administrative expenses	<u>-307.561</u>	<u>-301.998</u>
	PRIMARY RESULT	-160.432	-152.110
	Change Market Value Shares	-	-8.857
	Exchange rate variance	<u>-</u>	<u>-1.207</u>
	Financial expenses	<u>-</u>	<u>-10.064</u>
	Interest	31.327	50.575
	Change in market value of securities	9.309	1.172
	Change market value shares	2.860	
	Exchange rate variance	405	
	Dividend	<u>-</u>	<u>1.237</u>
	Financial income	<u>43.901</u>	<u>52.984</u>
	PROFIT / LOSS (-)	<u>-116.531</u>	<u>-109.190</u>

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2011 AND 2010

Notes	2012 EUR	2011 EUR
ASSETS		
<u>CASH</u>	① 166.341	33.421
Accrued interest	⑥ 5.493	13.610
Receivables	② 6.702	25
Prepaid expenses	③ 115.238	55.064
USAID Receivable	-	7.707
	<u>127.433</u>	<u>76.406</u>
<u>RECEIVABLES</u>		
	<u>127.433</u>	<u>76.406</u>
<u>TOTAL CURRENT ASSETS</u>	<u>293.774</u>	<u>109.827</u>
Fixed assets	40.879	-
<u>TOTAL ASSETS</u>	⑧ 334.653	-
8 <u>SECURITIES</u>	<u>841.075</u>	<u>1.183.257</u>
<u>TOTAL ASSETS</u>	⑩ 1.175.727	<u>1.293.084</u>
LIABILITIES		
Other accrued expenses	63.844	65.689
Prepaid income	13.986	8.955
<u>TOTAL CURRENT LIABILITIES</u>	⑪ 77.830	<u>74.644</u>
NET ASSETS		
Net assets 1 January	1.218.440	1.327.853
Exchange rate adjustments	-4.013	-223
Net result	<u>-116.531</u>	<u>-109.190</u>
<u>NET ASSETS 31 DECEMBER</u>	<u>1.097.897</u>	<u>1.218.440</u>
<u>LIABILITIES AND NET ASSETS</u>	<u>1.175.727</u>	<u>1.293.084</u>

NOTES TO THE FINANCIAL STATEMENTS

<u>1. SOCIETY MEMBERSHIP FEES</u>	2012	2011
	EUR	EUR
Membership fees consists of fee payments from members.		
 <u>2. SPONSORSHIP</u>		
Sponsor Support	-1.994	3.051
	<u>-1.994</u>	<u>3.051</u>
 <u>EXPENSES</u>		
<u>3. MEETINGS IN OTHER ORGANISATIONS</u>		
WHO	-	-3.024
Miscellaneous	-5.016	-
	<u>-5.016</u>	<u>-3.024</u>
 <u>4. EDUCATION, EVALUATION, MEETINGS</u>		
Consultations - category 1	0	-543
Consultations - category 2	-8.181	-1.598
Evaluations	-384	495
Consultations	0	-5.273
Standards/Guidelines	0	-237
Education Committee	-5.929	-4.336
Other meetings	-662	-
	<u>-15.156</u>	<u>-11.492</u>
 <u>Other Committee</u>		
Other meetings	39	-2.557
	<u>39</u>	<u>-2.557</u>
 <u>Conferences, Courses & Seminars</u>		
NMS Support	-4.050	-8.908
Short courses	-6.263	-3.648
Miscellaneous	-12.999	-45
Congress 2013	-3.915	-
Regional meetings ISPO	-1.344	-
	<u>-28.571</u>	<u>-12.601</u>
 INCOME	<u>-43.688</u>	<u>-26.650</u>

NOTES TO THE FINANCIAL STATEMENTS

	2012	2011
	<u>EUR</u>	<u>EUR</u>
<u>5. PUBLICATIONS</u>		
Support Editor	14.334	13.946
Royalty payments	37.127	34.414
Publications/ Booksales	754	1.004
	<u>52.215</u>	<u>49.364</u>
Printing and mailing postage	-22.491	-21.475
Production editor	-14.856	-13.579
Meeting expenses	583	-3.988
	<u>-36.765</u>	<u>-39.042</u>
NET RESULT (INCOME)	<u>15.450</u>	<u>10.322</u>
<u>6. MARKETING EXPENSES</u>		
Marketing material	-3.028	-3.019
Stationery, branding etc.	-3.528	-192
Expenses	<u>-6.556</u>	<u>-3.211</u>
<u>7. ADMINISTRATIVE EXPENSES</u>		
Executive Board and Officers		
Executive Board meetings	-39.086	-34.432
International committee	-4.239	-
Miscellaneous	-141	-
Officers representation	-	-4.024
Expenses	<u>-43.466</u>	<u>-38.456</u>

NOTES TO THE FINANCIAL STATEMENTS

Secretariat, Brussels	2012	2011
	<u>EUR</u>	<u>EUR</u>
Interel. Income Generating Programs and accountant	-262.216	-251.785
Data service and website	-7.597	-9.619
Postage & Bankcharges	-2.862	-3.987
Auditing	-5.461	-6.084
Consulting fees	-1.234	-
Depreciation	-5.120	-
Insurance	-4.338	-3.119
USAID administration refund	46.328	43.413
Interel Office cost	-19.910	-17.194
Miscellaneous	-1.684	-15.167
Expenses	<u>-264.095</u>	<u>-263.542</u>
TOTAL ADMINISTRATIVE EXPENSES	<u>-307.561</u>	<u>-301.998</u>

NOTES TO THE FINANCIAL STATEMENTS

8. SECURITIES

	<u>INTEREST RATE</u>	<u>NOMINAL VALUE</u>	<u>YEAR END VALUE</u>	<u>YEAR END VALUE</u>
<u>BONDS</u>		<u>DDK</u>	<u>2012</u>	<u>2011</u>
			<u>EUR</u>	<u>EUR</u>
Nykredit 2032 01D 2015	3%	131.829	18.017	34.981
Nykredit 2002/2015	4%	255.103	35.183	52.498
Realkredit Danmark 2025	4%	703.498	99.531	139.625
Nykredit 2013	2%	400.000	53.868	54.580
Nykredit SIDO 2016	4%	400.000	56.029	54.935
Nykredit 12E/2012	4%	-	-	23.408
Nykredit 73D OA 2038	5%	272.414	38.584	99.839
Nykredit 2041	5%	-	-	27.952
Realkredit Danmark 2013	2%	1.350.000	180.955	183.600
Nykredit 03D 2035	5%	-	-	169.590
			<u>482.167</u>	<u>841.008</u>

NOTES TO THE FINANCIAL STATEMENTS

	<u>INTEREST RATE</u>	<u>NOMINAL VALUE</u>	<u>YEAR END VALUE 2012 EUR</u>	<u>YEAR END VALUE 2011 EUR</u>
<u>TRUSTS</u>		<u>DDK</u>		
Bankinvest virksomhedsobligation		590.000	69.001	63.951
Sydinvest Højrentelån		475.000	78.632	70.092
Sydinvest Dannebrog Pension og erhverv		1.460.000	<u>199.223</u>	<u>198.982</u>
			<u>346.855</u>	<u>333.025</u>
<u>SHARES</u>		<u>UNITS</u>		
Danske Bank		<u>72.560</u>	<u>12.052</u>	<u>9.224</u>
			<u>12.052</u>	<u>9.224</u>
<u>TOTAL</u>			<u>841.075</u>	<u>1.183.257</u>