**CompuGroup Medical Denmark A/S**
Sommervej 31 E, 3., 8210 Aarhus

CVR-nr. 24 21 05 29
Company reg. no. 24 21 05 29

# Annual report

## 1 January - 31 December 2018

The annual report has been submitted and approved by the general meeting on the 29 May 2019.

Christian Teig
Chairman

## Contents

## Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of CompuGroup Medical Denmark A/S for the financial year 1 January - 31 December 2018.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Company and of the results of the Company operations for 2018.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Aarhus, 29 May 2019

**Managing Director**

Michael Hein

**Board of directors**

Christian Teig
Chairman

Petri Koivuluoma

Michael Hein

# *Independent Auditor's Report*

To the Shareholders of Compugroup Medical Denmark A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018, and of the results of the Company's operations for the financial year 1 Jan-uary - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Compugroup Medical Denmark A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

## Management's Responsibilities 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.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Aarhus, 29 May 2019
**PricewaterhouseCoopers**
Statsautoriseret Revisionspartnerselskab
*CVR No 33 77 12 31*

Henrik Trangeled Kristensen
State Authorised Public Accountant
Mne23333

Anders Skøtt
State Authorised Public Accountant
Mne42822

| | | |
|---|---|---|
| **The Company** | CompuGroup Medical Denmark A/S<br>Sommervej 31 E, 3.<br>8210 Aarhus | |
| | Phone: | +45 7030 1340 |
| | Website: | www.cgm.com/dk |
| | Company reg. no.: | 24 21 05 29 |
| | Domicile: | Aarhus |
| | Financial year: | 1 January – 31 December<br>20th financial year |
| **Board of directors** | Christian Teig, chairman<br>Petri Koivuluoma<br>Michael Hein | |
| **Managing Director** | Michael Hein | |
| **Auditors** | PricewaterhouseCoopers<br>Statsautoriseret Revisionspartnerselskab<br>Jens Chr. Skous Vej 1<br>8000 Aarhus | |

## The principal activities of the company

The Company's primary activities have as in previous years been production, sales and consultancy within the IT area in terms of administrative systems etc. for healthcare.

## Development in activities and financial matters

The income statement of the Company for 2018 shows a profit of DKK 24.650.982 and at 31 December 2018 the balance sheet of the Company shows equity of DKK 38.416.149.

## Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

## Unusual events

The financial position at 31 December 2018 of the Company and the results of activities of the Company for the financial year for 2018 have not been affected by any unusual events.

## Events subsequent to the financial year

Besides from this, no events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## Profit and loss account 1 January – 31 December

*All amounts in DKK*

| Note | | 2018 | 2017 |
|---|---|---|---|
| | **Gross Profit** | **60.211.957** | **54.195.234** |
| 1 | Staff Costs | -27.683.177 | -25.236.990 |
| | Depreciation, amortization and writedown relating to tangible and intangible fixed assets | -1.881.747 | -1.780.161 |
| | **Results before net financials** | **30.647.033** | **27.178.083** |
| | Other financial income | 1.340.956 | 944.129 |
| | Other financial cost | 0 | -28.034 |
| | **Results before tax** | **31.987.989** | **28.094.177** |
| 2 | Tax on ordinary results | -7.337.007 | -6.370.080 |
| | **Results for the Year** | **24.650.982** | **21.724.097** |
| | **Proposed distribution of the results:** | | |
| | Dividend for the financial year | 25.000.000 | 22.000.000 |
| | Allocated from results brought forward | -349.018 | -275.903 |
| | **Distribution in total** | **24.650.982** | **21.724.097** |

*All amounts in DKK*

**Assets**

| Note | | 2018 | 2017 |
|---|---|---|---|
| | **Fixed Assets** | | |
| 3 | Completed Development Projects | 0 | 0 |
| 4 | Knowhow | 0 | 0 |
| 5 | Goodwill | 10.044.053 | 11.516.985 |
| 6 | Licenses, concessions, patents | 561.226 | 1.070.054 |
| | Intangible fixed assets in total | 10.605.278 | 12.587.039 |
| 7 | Other plants, operating assets, fixtures and furniture | 1.042 | 19.816 |
| 8 | Furniture and office equipment | 267.043 | 476.449 |
| | Tangible fixed assets in total | 268.085 | 496.265 |
| 9 | Other debtors | 1.086.979 | 1.086.979 |
| | Financial fixed assets in total | 1.086.979 | 1.086.979 |
| | **Fixed assets in total** | **11.960.342** | **14.170.283** |

## Balance sheet 31 December

*All amounts in DKK*

**Assets**

| Note | | 2018 | 2017 |
|---|---|---|---|
| | **Current Assets** | | |
| | Manufactured goods and trade goods | 463.945 | 410.334 |
| | Inventories in total | 463.945 | 410.334 |
| | Trade debtors | 3.361.511 | 5.629.806 |
| | Amounts owed by group enterprises | 4.236.753 | 1.563.756 |
| | Other debtors | 397.081 | 990.371 |
| | Accrued income and deferred expenses | 2.094.157 | 1.779.243 |
| | Debtors in total | 10.089.502 | 9.963.176 |
| | Available funds | 32.894.367 | 24.328.863 |
| | **Current Assets in Total** | **43.447.814** | **34.702.373** |
| | **Total Assets** | **55.408.156** | **48.872.656** |

*All amounts in DKK*

**Equity and Liabilities**

| Note | | 2018 | 2017 |
|---|---|---|---|
| | **Equity** | | |
| 10 | Contributed capital | 5.500.000 | 5.500.000 |
| | Results brought forward | 7.916.149 | 8.265.167 |
| | Proposed dividend for the financial year | 25.000.000 | 22.000.000 |
| | **Equity in total** | **38.416.149** | **35.765.167** |
| | **Provisions** | | |
| | Provisions for deferred tax | 620.108 | 763.967 |
| | **Provisions in total** | **620.108** | **763.967** |

**Liabilities**

*All amounts in DKK*

**Equity and Liabilities**

| Note | | 2018 | 2017 |
|---|---|---|---|
| | Trade Creditors | 2.212.649 | 2.314.246 |
| | Debt to group enterprises | 1.814.439 | 3.098.247 |
| | Corporate Tax | 5.662.172 | 782.164 |
| | Other liabilities | 6.682.639 | 6.148.865 |
| | Short-term liabilities in total | 16.371.899 | 12.343.522 |
| | **Liabilities in Total** | **16.992.007** | **12.343.522** |
| | **Equity and Liabilities in Total** | **55.408.156** | **48.872.656** |

11 **Contingencies**

12 **Related parties**

## Statement of changes in equity

*All amounts in DKK*

| | Contributed capital | Results brought forward | Proposed dividend for the financial year | In total |
|---|---|---|---|---|
| Equity 1 January 2017 | 5.500.000 | 8.541.070 | 15.000.000 | 29.041.070 |
| Dividend for the financial year | 0 | 0 | -15.000.000 | -15.000.000 |
| Profit or loss for the year brought forward | 0 | -275.903 | 22.000.000 | 21.724.097 |
| Equity 1 January 2018 | 5.500.000 | 8.265.167 | 22.000.000 | 35.765.167 |
| Dividend for the financial year | 0 | 0 | -22.000.000 | -22.000.000 |
| Profit or loss for the year brought forward | 0 | -349.018 | 25.000.000 | 24.650.982 |
| | **5.500.000** | **7.916.149** | **25.000.000** | **38.416.149** |

*All amounts in DKK*

| | 2018 | 2017 |
|---|---|---|
| **1. Staff Costs** | | |
| Salaries and Wages | 26.356.542 | 24.016.019 |
| Pension Costs | 952.064 | 865.595 |
| Other costs for social security | 339.496 | 335.376 |
| | **27.683.177** | **25.236.990** |
| Average number of employees | 54 | 48 |

| | 2018 | 2017 |
|---|---|---|
| **2. Tax on ordinary results** | | |
| Tax of the results for the year, parent company | 7.124.849 | 6.104.120 |
| Adjustment for the year of deferred tax | -143.859 | 108.838 |
| Adjustment of tax for previous years | 356.017 | 157.122 |
| | **7.337.007** | **6.370.080** |

*All amounts in DKK*

| | 31.12.2018 | 31.12.2017 |
|---|---|---|
| **3. Completed development projects** | | |
| Opening balance at 01 January 2018 | 3.881.330 | 3.881.330 |
| Additions during the year | 0 | 0 |
| Disposals during the year | 0 | 0 |
| **Balance at 31 December 2018** | **3.881.330** | **3.881.330** |
| Amortisation and writedown 1 January 2018 | -3.881.330 | -3.881.330 |
| Amortization for the year | 0 | 0 |
| **Amortisation and writedown 31 December 2018** | **-3.881.330** | **-3.881.330** |
| **Net book value 31 December 2018** | **0** | **0** |

*All amounts in DKK*

| | 31.12.2018 | 31.12.2017 |
|---|---|---|
| **4. Knowhow** | | |
| Opening balance at 01 January 2018 | 2.283.606 | 2.283.606 |
| Additions during the year | 0 | 0 |
| Disposals during the year | 0 | 0 |
| **Balance at 31 December 2018** | **2.283.606** | **2.283.606** |
| Amortisation and writedown 1 January 2018 | -2.283.606 | -2.283.606 |
| Amortization for the year | 0 | 0 |
| **Amortisation and writedown 31 December 2018** | **-2.283.606** | **-2.283.606** |
| **Net book value 31 December 2018** | **0** | **0** |

*All amounts in DKK*

| | 31.12.2018 | 31.12.2017 |
|---|---|---|
| **5. Goodwill** | | |
| Opening balance at 01 January 2018 | 28.366.036 | 28.412.113 |
| Transfers | 0 | -46.077 |
| **Balance at 31 December 2018** | **28.366.036** | **28.366.036** |
| Amortisation and writedown 1 January 2018 | -16.849.051 | -15.817.107 |
| Adjustment to starting balance | -172.662 | 94.860 |
| Amortisation for the year | -1.300.271 | -1.126.804 |
| **Amortisation and writedown 31 December 2018** | **-18.321.983** | **-16.849.051** |
| **Net book value 31 December 2018** | **10.044.053** | **11.516.985** |

*All amounts in DKK*

| | 31.12.2018 | 31.12.2017 |
|---|---|---|
| **6. Licenses, concessions, patents** | | |
| Opening balance at 01 January 2018 | 9.548.153 | 9.502.076 |
| Tranfers | 0 | 46.077 |
| **Balance at 31 December 2018** | **9.548.153** | **9.548.153** |
| Amortisation and writedown 1 January 2018 | -8.478.099 | -8.144.048 |
| Adjustment to starting balance | -146.702 | 0 |
| Amortisation for the year | -362.126 | -334.051 |
| **Amortisation and writedown 31 December 2018** | **-8.986.927** | **-8.478.099** |
| **Net book value 31 December 2018** | **561.226** | **1.070.054** |

*All amounts in DKK*

| | | 31.12.2018 | 31.12.2017 |
|---|---|---|---|
| 7. | **Other Plants, Operating Assets, and Fixtures and Furniture** | | |
| | Opening balance at 01 January 2018 | 5.749.913 | 6.253.913 |
| | Disposals during the year | 0 | -504.000 |
| | **Balance at 31 December 2018** | **5.749.913** | **5.749.913** |
| | Depreciation and writedown 01 January 2018 | -5.730.097 | -6.097.152 |
| | Adjustment to starting balance | 13.004 | 0 |
| | Depreciation for the year | -31.779 | -136.945 |
| | Depreciation, amortisation and writedown for the year, assets disposed of | 0 | 504.000 |
| | **Depreciation and writedown 31 December 2018** | **-5.748.871** | **-5.730.097** |
| | **Net book value 31 December 2018** | **1.042** | **19.816** |

*All amounts in DKK*

| | 31.12.2018 | 31.12.2017 |
|---|---|---|
| **8. Furniture and office equipment** | | |
| Opening balance at 01 January 2018 | 3.438.489 | 3.255.036 |
| Additions during the year | 0 | 183.453 |
| **Balance at 31 December 2018** | **3.438.489** | **3.438.489** |
| Depreciation and writedown 01 January 2018 | -2.962.040 | -2.779.679 |
| Adjustment to starting balance | -21.834 | 0 |
| Depreciation for the year | -187.572 | -182.361 |
| **Depreciation and writedown 31 December 2018** | **-3.171.446** | **-2.962.040** |
| **Net book value 31 December 2018** | **267.043** | **476.449** |

*All amounts in DKK*

| | | 31.12.2018 | 31.12.2017 |
|---|---|---|---|
| **9.** | **Other Debtors** | | |
| | Opening balance at 01 January 2018 | 1.086.979 | 1.084.301 |
| | Additions during the year | 0 | 2.678 |
| | **Balance at 31 December 2018** | **1.086.979** | **1.086.979** |
| | **Net book value 31 December 2018** | **1.086.979** | **1.086.979** |
| | Reported as: | | |
| | Deposits | 1.086.979 | 1.086.979 |

## 10. Contributed Capital

The share capital consists of 5,500 shares of a nominal value of DKK 1,000. No shares carry any special rights.

*All amounts in DKK*

## 11. Contingencies

Contingent Liabilities

Lease obligations under operating leases. Total future lease payments:

| | 31.12.2018<br>DKK in thousands | 31.12.2017<br>DKK in thousands |
|---|---|---|
| Within 1 year | 994 | 951 |
| Between 1 and 5 years | 672 | 943 |
| **Contingent Liabilities in Total** | **1.666** | **1.894** |
| Lease obligations, period of non-terminability up to 5,5 years | 7.458 | 6.329 |

## 12. Related Parties

| **Relationships** | |
|---|---|
| Holding Company | Profdoc AS |
| Fellow Subsidiaries | CompuGroup Medical Norway AS<br>CompuGroup Medical Sweden AB<br>CompuGroup Medical Netherland B.V. |
| Members of key management | Christian Teig<br>Petri Koivuluoma<br>Michael Hein |

**Consolidated Annual Accounts**

The Company is included in the group annual report of CompuGroup Medical SE, Koblenz/Germany, the holding company of Profdoc AS.

The annual report for CompuGroup Medical Denmark A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

### Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

### Translation of foreign currency

Transactions in foreign currcncy are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

## The profit and loss account

### Gross profit

The gross profit comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs.

The net turnover comprises the value of services provided during the year, including outlay for customers less VAT and price reductions directly associated with the sale.

The turnover is recognised in the profit and loss account when the sale has been completed. This is generally considered to be the case when:

- The service has been provided before the end of the financial year
- There is a binding sales agreement
- The sales price has been determined
- The payment has been received, or it can with reasonable assurance be expected to be received.

Hereby, it is ensured that recognition does not take place until the total income and costs as well as the scope of completion on the balance sheet date can be determined reliably, and when it is likely that the economic benefits, including payments, will be received by the enterprise.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains on disposal of intangible and tangible fixed assets.
Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

### Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members less public reimbursements.

### Depreciation, amortisation and writedown

Depreciation, amortization and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

### Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

### Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

## The balance sheet

### Intangible fixed assets

#### Development projects, patents, and licenses

Development costs and internally generated rights are recognised in the profit and loss account as costs in the acquisition year.

Patents and licenses are measured at cost with deduction of accrued amortisation. Patents are amortised on a straight-line basis over the remaining patent period, and licenses are amortised over the contract period, however, for a maximum of 5 years.

Gain and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price with deduction of sales costs and the book value at the time of the sale. Gain or loss are recognised in the profit and loss account as other operating income or other operating expenses respectively.

#### Goodwill

Goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Goodwill is amortised on a straight-line basis over the amortisation period, which is assessed at max. 18 years. The amortisation period is determined on the basis of an expected payback period, being the longer for strategical acquires with a strong market position and an expected long-term earnings profile.

### Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

Depreciation takes place on a straight-line basis and based on an evaluation of the expected useful life:

| Useful life | |
|---|---|
| Technical plants and machinery | 3-5 years |
| Other plants, operating assets, fixtures and furniture | 3-5 years |

Minor assets under TDKK 13,5 with an expected useful life of less than 3 years are recognized as costs in the profit and loss account in the year of acquisition.

**Leasing contracts**

All leasing contracts are considered operational leasing. Payments in connection with operational leasing and other rental agreements are recognised in the profit and loss account over the term of the contract. The company's total liabilities concerning operational leasing and rental agreements are recognised under contingencies etc.

**Writedown of fixed assets**

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

**Furniture and office equipment**

Furniture and office equipment are measured at cost with deduction of accrued depreciation. Depreciation takes place on a straight-line basis over the estimated useful life of the asset, which is set at 5 years.

### Inventories

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

### Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

### Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

### Available funds

Available funds comprise cash at bank and in hand.

## Equity

### Dividends

Dividends are expected to be distributed for the year is recognised as a separate item under the equity. Proposed dividends are recognised as a liability at the time of approval by the general meeting (the time of declaration).

### Corporate tax and deferred tax

Current lax receivable and lax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes.

Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax eligible for carry over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

**Liabilities**

Liabilities are measured at amortised cost which usually corresponds to the nominal value.