CompuGroup Medical Denmark A/S

Sommervej 31 E, 3., 8210 Aarhus

Company reg. no. 24 21 05 29

Annual report

1 January - 31 December 2019

The annual report has been submitted and approved by the general meeting on the 04 June 2020.

Ralph Andreas Körfgen
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 2019.

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 2019 of the Company and of the results of the Company operations for 2019.

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, 04 June 2020

Managing Director

Michael Hein

Board of directors

Ralph Andreas Körfgen Chairman	Michael Hein	Henrik Aase

Hier Text eingeben

To the shareholder of CompuGroup Medical Denmark A/S

Opinion

We have audited the financial statements of CompuGroup Medical Denmark A/S for the financial year 1 January – 31 December 2019 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019 in accordance with the Danish Financial Statements Act.

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 rules and requirements.

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

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, that 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 as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made 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 judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 04 June 2020
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Michael E. K. Rasmussen
State Authorised
Public Accountant
mne41364

Company data

The Company	CompuGroup Medical Denmark A/S	
	Sommervej 31 E, 3. 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
		21th financial year

Board of directors	Ralph Andreas Körfgen, chairman
	Michael Hein
	Henrik Aase
Managing Director	Michael Hein
Auditors	KPMG
	Statsautoriseret Revisionspartnerselskab
	Bredskifte Alle 13
	8210 Aarhus V

Financial highlights

DKKm	2019	2018	2017	2016	2015
Gross profit/loss	67,23	60,21	54,20	49,33	41,74
Ordinary operating profit/loss	34,46	31,99	27,18	21,15	12,25
Profit/loss from financial income and expenses	0,91	1,34	0,07	0,53	0,53
Profit/loss for the year	27,70	24,65	21,72	16,89	9,80
Total assets	59,26	55,41	48,87	39,10	29,54
Investments in property, plant and equipment	0,47	0,27	0,50	0,63	1,46
Equity	41,12	38,42	35,77	29,04	20,15
Current ratio	286%	265%	281%	249%	269%
Return on equity	70%	66%	67%	69%	54%
Solvency ratio	69%	69%	73%	74%	68%
Average number of full-time employees	58	54	48	53	55

Financial ratios are calculated in accordance with the guidelines "Recommendations & Ratios" issued by the Danish Society of Financial Analysts. The financial ratios have been calculated as follows:

Current ratio $$\frac{\textbf{Current assets x 100}}{\textbf{Short-term debt}}$$

Return on equity $$\frac{\textbf{Profit from ordinary activities after tax x 100}}{\textbf{Average equity}}$$

Solvency ratio $$\frac{\textbf{Equity ex. non-controlling interests at year end x 100}}{\textbf{Total equity and liabilities at year end}}$$

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 2019 shows a profit of DKK 27.704.758 and at 31 December 2019 the balance sheet of the Company shows equity of DKK 41.120.907.

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 2019 of the Company and the results of activities of the Company for the financial year for 2019 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.

Outlook

At the outset of 2020, the outbreak of the coronavirus, COVID-19, has affected large parts of the world. The outbreak of COVID-19 and the global/Danish precautions to reduce the spread of the virus have had an adverse impact on the Danish economy.

Based on realised figures for 2020 and the revised forecast for 2020, the Company is of the opinion that COVID-19 will not have any material impact of the Company's financial statements for 2020.

For 2020, the Company expects to report positive results at level with 2019.

Profit and loss account 1 January – 31 December

All amounts in DKK

Note		2019	2018
	Gross Profit	**67.232.587**	**60.211.957**
1	Staff Costs	-31.151.750	-27.683.177
	Depreciation, amortization and writedown relating to tangible and intangible fixed assets	-1.624.318	-1.881.747
	Results before net financials	**34.456.519**	**30.647.033**
	Other financial income	1.079.994	1.340.956
	Other financial cost	-170.600	0
	Results before tax	**35.365.916**	**31.987.989**
2	Tax on ordinary results	-7.661.158	-7.337.007
3	**Results for the Year**	**27.704.758**	**24.650.982**

Balance sheet 31 December

All amounts in DKK

Assets

Note		2019	2018
	Fixed Assets		
4	Completed Development Projects	0	0
5	Knowhow	0	0
6	Goodwill	9.010.540	10.044.053
7	Licenses, concessions, patents	233.208	561.226
	Intangible fixed assets in total	9.243.748	10.605.278
8	Other plants, operating assets, fixtures and furniture	164.268	1.042
9	Furniture and office equipment	304.867	267.043
	Tangible fixed assets in total	469.135	268.085
	Finance lease	2.224.748	0
10	Other debtors	1.086.979	1.086.979
	Financial fixed asset total	3.311.727	1.086.979
	Fixed assets in total	**13.024.610**	**11.960.342**

Balance sheet 31 December

All amounts in DKK

Assets

Note		2019	2018
	Current Assets		
	Manufactured goods and trade goods	638.974	463.945
	Inventories in total	638.974	463.945
	Trade debtors	8.117.205	3.361.511
	Amounts owed by group enterprises	605.077	4.236.753
	Other debtors	352.221	397.081
	Finance lease	700.625	0
	Deferred expenses	1.623.937	2.094.157
	Receivables in total	11.399.064	10.089.502
	Cash at bank and in hand	34.197.068	32.894.367
	Current Assets in Total	**46.235.107**	**43.447.814**
	Total Assets	**59.259.717**	**55.408.156**

All amounts in DKK

Equity and Liabilities

Note		2019	2018
	Equity		
11	Contributed capital	5.500.000	5.500.000
	Results brought forward	8.620.907	7.916.149
	Proposed dividend for the financial year	27.000.000	25.000.000
	Equity in total	**41.120.907**	**38.416.149**
	Provisions		
12	Provisions for deferred tax	755.896	620.108
	Provisions in total	**755.896**	**620.108**
	Liabilities		
	Other liabilities	1.205.327	0
	Non-current liabilities other than provisions in total	1.205.327	0

All amounts in DKK

Equity and Liabilities

Note		2019	2018
	Trade Creditors	3.121.457	2.212.649
	Debt to group enterprises	1.133.766	1.814.439
	Corporate Tax	5.393.646	5.662.172
	Other liabilities	6.528.718	6.682.639
	Short-term liabilities in total	16.177.587	16.371.899
	Liabilities in Total	**18.138.810**	**16.992.007**
	Equity and Liabilities in Total	**59.259.717**	**55.408.156**
13	**Contingencies**		
14	**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 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
Equity 1 January 2019	5.500.000	7.916.149	25.000.000	38.416.149
Dividend for the financial year	0	0	-25.000.000	-25.000.000
Profit or loss for the year brought forward	0	704.758	27.000.000	27.704.758
	5.500.000	**8.620.907**	**27.000.000**	**41.120.907**

All amounts in DKK

	2019	2018
1. Staff Costs		
Salaries and Wages	29.780.949	26.356.542
Pension Costs	1.119.336	952.064
Other costs for social security	251.464	339.496
	31.151.750	**27.683.177**
Average number of employees	58	54

Pursuant to section 98b (3) of the Danish Financial Statements Act, the Company has not disclosed executive remuneration.

	2019	2018
2. Tax on ordinary results		
Tax of the results for the year, parent company	7.717.556	7.124.849
Adjustment for the year of deferred tax	135.788	-143.859
Adjustment of tax for previous years	-192.186	356.017
	7.661.158	**7.337.007**

	2019	2018
3. Proposed distribution of the results:		
Dividend for the financial year	27.000.000	25.000.000
Allocated from results brought forward	704.758	-349.018
Distribution in total	**27.704.758**	**24.650.982**

All amounts in DKK

	31.12.2019	31.12.2018
4. Completed development projects		
Opening balance at 01 January 2019	3.881.330	3.881.330
Additions during the year	0	0
Disposals during the year	0	0
Balance at 31 December 2019	**3.881.330**	**3.881.330**
Amortisation and write-down 1 January 2019	-3.881.330	-3.881.330
Amortization for the year	0	0
Amortisation and write-down 31 December 2019	**-3.881.330**	**-3.881.330**
Net book value 31 December 2019	**0**	**0**

All amounts in DKK

	31.12.2019	31.12.2018
5. Knowhow		
Opening balance at 01 January 2019	2.283.606	2.283.606
Additions during the year	0	0
Disposals during the year	0	0
Balance at 31 December 2019	**2.283.606**	**2.283.606**
Amortisation and writedown 1 January 2019	-2.283.606	-2.283.606
Amortization for the year	0	0
Amortisation and writedown 31 December 2019	**-2.283.606**	**-2.283.606**
Net book value 31 December 2019	**0**	**0**

All amounts in DKK

	31.12.2019	31.12.2018
6. Goodwill		
Opening balance at 01 January 2019	28.366.036	28.366.036
Transfers	0	0
Balance at 31 December 2019	**28.366.036**	**28.366.036**
Amortisation and write-down 1 January 2019	-18.321.983	-16.849.051
Adjustment to starting balance	0	-172.662
Amortisation for the year	-1.033.512	-1.300.271
Amortisation and writedown 31 December 2019	**-19.355.496**	**-18.321.983**
Net book value 31 December 2019	**9.010.540**	**10.044.053**

All amounts in DKK

		31.12.2019	31.12.2018
7.	**Licenses, concessions, patents**		
	Opening balance at 01 January 2019	9.548.153	9.548.153
	Transfers	0	0
	Balance at 31 December 2019	**9.548.153**	**9.548.153**
	Amortisation and write-down 1 January 2019	-8.986.927	-8.478.099
	Adjustment to starting balance	0	-146.702
	Amortisation for the year	-328.018	-362.126
	Amortisation and writedown 31 December 2019	**-9.314.945**	**-8.986.927**
	Net book value 31 December 2019	**233.208**	**561.226**

All amounts in DKK

	31.12.2019	31.12.2018
8. Other Plants, Operating Assets, and Fixtures and Furniture		
Opening balance at 01 January 2019	5.749.913	5.749.913
Additions during the year	138.155	0
Disposals during the year	-350.000	0
Balance at 31 December 2019	**5.538.068**	**5.749.913**
Depreciation and writedown 01 January 2019	-5.748.871	-5.730.097
Adjustment to starting balance	80.928	13.004
Depreciation for the year	-55.857	-31.779
Depreciation, amortisation and writedown for the year, assets disposed of	350.000	0
Depreciation and writedown 31 December 2019	**-5.373.800**	**-5.748.871**
Net book value 31 December 2019	**164.268**	**1.042**

All amounts in DKK

	31.12.2019	31.12.2018
9. Furniture and office equipment		
Opening balance at 01 January 2019	3.438.489	3.438.489
Additions during the year	244.754	0
Balance at 31 December 2019	**3.683.243**	**3.438.489**
Depreciation and write-down 01 January 2019	-3.171.446	-2.962.040
Adjustment to starting balance	0	-21.834
Depreciation for the year	-206.931	-187.572
Depreciation and write-down 31 December 2019	**-3.378.377**	**-3.171.446**
Net book value 31 December 2019	**304.867**	**267.043**

All amounts in DKK

	31.12.2019	31.12.2018
10. Other Debtors		
Opening balance at 01 January 2019	1.086.979	1.086.979
Additions during the year	0	0
Balance at 31 December 2019	**1.086.979**	**1.086.979**
Net book value 31 December 2019	**1.086.979**	**1.086.979**
Reported as:		
Deposits	1.086.979	1.086.979

11. Contributed Capital

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

12. Deferred Tax	2019	2018
Deferred tax at 1 January	620.108	763.967
Deferred tax adjustment for the year in the income statement	135.788	-143.859
	755.896	620.108

All amounts in DKK

13. Contingencies

Contingent Liabilities

Lease obligations under operating leases.
Total future lease payments:

	31.12.2019 DKK in thousands	31.12.2018 DKK in thousands
Within 1 year	314	994
Between 1 and 5 years	979	672
Contingent Liabilities in Total	**1.293**	**1.666**
Lease obligations, period of non-terminability up to 5,5 years	4.400	7.458

14. Related Parties

Control

Profdoc AS, Lysaker torg 15, 1366 Lysaker, Norway.

Profdoc AS holds the majority of the contributed capital in the Company.

CompuGroup Medical Denmark A/S is part of the consolidated statement of CompuGroup Medical SE, Germany,which is the smallest and largest group, in which the company is included as a subsidiary.

The consolidated financial statements of CompuGroup Medical SE can be obtained by contacting CompuGroup Medical SE using the following address:

CompuGroup Medical SE
Maria Trost 21,
56070 Koblenz
Germany
https://www.cgm.com

Relationships

Holding Company	Profdoc AS
Fellow Subsidiaries	CompuGroup Medical Norway AS CompuGroup Medical Sweden AB CompuGroup Medical SE CompuGroup Medical Deutschland AG CompuGroup Medical France SAS CompuGroup Medical IT Solutions+Services CompuGroup Medical Nederland BV
Members of key management	Ralph Andreas Körfgen Henrik Aase Michael Hein

Related Party Balances

Payables and receivables from related parties are disclosed in the balance sheet.

Related Party Transactions

Sales of goods/services to a subsidiary: 7.616.422 DKK

Purchases of goods from a subsidiary: 4.138.135 DKK

The annual report of CompuGroup Medical Denmark A/S for 2019 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act. The transition compared to the previous financial year from the provisions applying to reporting class B entities under the Danish Financial Statements Act has not resulted in changes to recognition and measurement.

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

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company’s cash flows are included in the cash flow statement in the consolidated financial statements of CompuGroup Medical SE, Maria Trost 21, 56070 Koblenz, Germany, CVR no. HRB 24981.

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, write-down, 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 currency 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, financial income regarding finance leases, 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, knowhow, 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 write-down.

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.

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

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.

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

Minor assets under TDKK 13,8 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.

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.

Leasing contracts

Leases for fixed assets that transfer substantially all risks and rewards incident to ownership to the lessee (finance leases) are recognised in the balance sheet as a receivable under non-current assets with its long-term portion and under current assets with its short-term portion. On initial recognition, assets are measured at cost, equivalent to the lower of fair value and the net present value of future lease payments.

The recognised value of the lease is written down in line with instalments received. The interest element of the lease payment is to be recognised in the income statement over the term of the lease.

Write-down 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.

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.

Deferred expenses

Deferred expenses recognized under assets comprise incurred costs concerning the next financial year. This includes costs such as rent and insurance.

Cash at bank and in hand

Available funds comprise cash at bank and in hand.

Equity

Dividends

Dividends are expected to be distributed for the year is recognized as a separate item under the equity. Proposed dividends are recognized 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 recognized 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.