

CompuGroup Medical Denmark A/S


Olof Palmes Allé 44, 8200 Aarhus N

Company reg. no. 24 21 05 29

Annual report

1 January - 31 December 2022

The annual report has been submitted and approved by the general meeting on the 31 March 2023.

DocuSigned by:

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Emanuelle Roberto Virgilio Mugnani
Chairman

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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 2022.

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

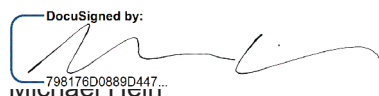
In our opinion the Financial Statements give a true and fair view of the financial position on 31 December 2022 of the Company and of the results of the Company operations for 2022.

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, 31 March 2023

Managing Director

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Board of directors

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Emanuele Roberto Virgilio Mugnani
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Chairman

DocuSigned by:

Michael Hein
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DocuSigned by:

Henrik Aase
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Independent auditor's report

To the shareholders of CompuGroup Medical A/S

Opinion

We have audited the financial statements of CompuGroup Medical A/S for the financial year 1 January – 31 December 2022 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 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2012 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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.

Independent auditor's report

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.

Independent auditor's report

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, 31 March 2023

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98



Michael E. K. Rasmussen
State Authorised
Public Accountant
mne41364



Dennis Valdeck Hansen
State Authorised
Public Accountant
mne49092

Company data

The Company

CompuGroup Medical Denmark A/S

Olof Palmes Allé 44

8200 Aarhus N

Phone: +45 7030 1340

Website: www.cgm.com/dk

Company reg. no.: 24 21 05 29

Domicile: Aarhus

Financial year: 1 January – 31 December
24th financial year

Board of directors

Emanuelle Roberto Virgilio Mugnani, chairman

Michael Hein

Henrik Aase

Managing Director

Michael Hein

Auditors

KPMG

Statsautoriseret Revisionspartnerselskab

Frederiks Plads 42, 7.

8000 Aarhus C

Management's review

Financial highlights

DKKm	2022	2021	2020	2019	2018
Gross profit/loss	64,85	73,89	64,39	67,23	60,21
Ordinary operating profit/loss	27,56	35,07	29,76	34,46	30,65
Profit/loss from financial income and expenses	-0,03	-0,10	0,35	0,91	1,34
Profit/loss for the year	21,48	27,20	23,38	27,70	24,65
Total assets	50,91	56,40	58,67	59,26	55,41
Investments in property, plant and equipment	1,01	0,68	0,85	0,47	0,27
Equity	36,18	41,70	37,50	41,12	38,42
Current ratio	201%	204%	127%	286%	265%
Return on equity	55%	69%	59%	70%	66%
Solvency ratio	71%	74%	64%	69%	69%
Average number of full-time employees	62	66	60	58	54

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

$$\frac{\text{Current assets} \times 100}{\text{Short-term debt}}$$

Return on equity

$$\frac{\text{Profit from ordinary activities after tax} \times 100}{\text{Average equity}}$$

Solvency ratio

$$\frac{\text{Equity ex. non-controlling interests at year end} \times 100}{\text{Total equity and liabilities at year end}}$$

Management's review

The principal activities of the company

The Company's primary activities have as in previous years been development, sale and consultancy within the IT area of administrative healthcare systems in the primary sector.

Development in activities and financial matters

The income statement of the Company for 2022 shows a profit of DKK 21.475.553 and as at 31. December 2022 the balance sheet of the Company shows equity of DKK 36.175.092.

The annual result decreased by DKK 5.7 mill compared to 2021. Our normal business has performed below target due to the consequences of the war in Ukraine and related sanctions on supply of natural resources. Denmark among other countries observed high level of inflation during 2022. Secondly, general staff shortage in the healthcare business shortened the revenue for our customers. Related to this, the net result decreased in 2022.

Events subsequent to the financial year

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Targets and expectations for the year ahead

Based on the budget for 2023, the Company is of the opinion that the Company's financial statements for 2023 will partly recover. We will steer and act with alacrity and be as proactive as possible to avoid impact above what has been seen in 2022.

Expected net result in 2023 is between 30 to 35 mill DKK. The increase of net result compared to 2022, is primarily due to normal business development, without effects from the pandemic or the financial crisis.

Profit and loss account 1 January – 31 December

All amounts in DKK

<u>Note</u>	<u>2022</u>	<u>2021</u>
Gross Profit	64.850.580	73.887.704
1 Staff Costs	-34.343.485	-35.901.412
Depreciation, amortization and write down relating to tangible and intangible fixed assets	-2.944.992	-2.915.625
Ordinary operating profit	27.562.103	35.070.668
Other operating profit	0	-33.633
Results before net financials	27.562.103	35.037.034
2 Other financial income	2.374	138.310
Other financial cost	-27.494	-240.196
Results before tax	27.536.983	34.935.148
3 Tax on ordinary results	-6.061.430	-7.739.647
4 Results for the Year	21.475.553	27.195.501

Balance sheet 31 December*All amounts in DKK*

Assets			
<u>Note</u>		<u>2022</u>	<u>2021</u>
Fixed Assets			
5	Completed Development Projects	0	0
6	Knowhow	0	0
7	Goodwill	21.565.295	24.188.925
8	Licenses, concessions, patents	<u>82.101</u>	<u>93.297</u>
	Intangible fixed assets in total	<u>21.647.396</u>	<u>24.282.222</u>
9	Other plants, operating assets, fixtures and furniture	265.275	113.798
10	Furniture and office equipment	<u>740.216</u>	<u>563.538</u>
	Tangible fixed assets in total	<u>1.005.491</u>	<u>677.335</u>
	Finance lease	2.464.903	4.511.602
	Investment valued at-cost	100.000	100.000
11	Other debtors	<u>886.424</u>	<u>900.525</u>
	Financial fixed asset total	<u>3.451.327</u>	<u>5.512.127</u>
	Fixed assets in total	<u>26.104.214</u>	<u>30.471.684</u>

Balance sheet 31 December

All amounts in DKK

Assets

<u>Note</u>	<u>2022</u>	<u>2021</u>
Current Assets		
Manufactured goods and trade goods	717.683	380.329
Inventories in total	717.683	380.329
Trade debtors	8.507.495	7.976.142
Amounts owed by group enterprises	912.968	462.020
Other debtors	186.438	116.470
Corporate tax	1.578.466	659.280
Finance lease	2.388.713	2.096.530
Deferred expenses	1.293.519	1.549.872
Receivables in total	14.867.598	12.860.314
Cash at bank and in hand	9.218.137	12.685.483
Current Assets in Total	24.803.418	25.926.127
Total Assets	50.907.632	56.397.811

Balance sheet 31 December*All amounts in DKK*

Equity and Liabilities			
<u>Note</u>		<u>2022</u>	<u>2021</u>
Equity			
12	Contributed capital	5.500.000	5.500.000
	Results brought forward	10.675.092	9.199.539
	Proposed dividend for the financial year	<u>20.000.000</u>	<u>27.000.000</u>
	Equity in total	<u>36.175.092</u>	<u>41.699.539</u>
Provisions			
13	Provisions for deferred tax	<u>2.394.034</u>	<u>2.004.138</u>
	Provisions in total	<u>2.394.034</u>	<u>2.004.138</u>

Balance sheet 31 December*All amounts in DKK*

Equity and Liabilities		
<u>Note</u>	<u>2022</u>	<u>2021</u>
Trade Creditors	4.441.668	3.825.711
Debt to group enterprises	1.208.558	1.943.642
Other liabilities	3.162.216	3.533.751
Deferred income	<u>3.526.064</u>	<u>3.391.030</u>
Short-term liabilities in total	<u>12.338.506</u>	<u>12.694.134</u>
Liabilities in Total	<u>14.732.540</u>	<u>14.698.272</u>
Equity and Liabilities in Total	<u>50.907.632</u>	<u>56.397.811</u>
14	Contingencies	
15	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 2021	5.500.000	9.004.038	23.000.000	37.504.038
Dividend for the financial year	0	0	-23.000.000	-23.000.000
Profit or loss for the year brought forward	0	195.501	27.000.000	27.195.501
Equity 1 January 2022	5.500.000	9.199.539	27.000.000	41.699.539
Dividend for the financial year	0	0	-27.000.000	-27.000.000
Profit or loss for the year brought forward	0	1.475.553	20.000.000	21.475.553
Equity 31 December 2022	5.500.000	10.675.092	20.000.000	36.175.092

Notes

All amounts in DKK

	<u>2022</u>	<u>2021</u>
1. Staff Costs		
Salaries and Wages	32.576.281	34.167.422
Pension Costs	1.295.748	1.291.076
Other costs for social security	<u>471.455</u>	<u>442.913</u>
	<u>34.343.485</u>	<u>35.901.412</u>
Average number of employees	<u>62</u>	<u>66</u>
<p>Pursuant to section 98b (3) of the Danish Financial Statements Act, the Company has not disclosed executive remuneration.</p>		
2. Other financial income		
Other interest income	2.374	0
Other interest income, group enterprises	<u>0</u>	<u>138.310</u>
	<u>2.374</u>	<u>138.310</u>
3. Tax on ordinary results		
Tax of the results for the year, parent company	5.671.534	7.342.720
Adjustment for the year of deferred tax	389.896	393.688
Adjustment of tax for previous years	<u>0</u>	<u>3.239</u>
	<u>6.061.430</u>	<u>7.739.647</u>

Notes

All amounts in DKK

	<u>2022</u>	<u>2021</u>
4. Proposed distribution of the results:		
Dividend for the financial year	20.000.000	27.000.000
Allocated from results brought forward	<u>1.475.553</u>	<u>195.501</u>
Distribution in total	<u>21.475.553</u>	<u>27.195.501</u>

Notes

All amounts in DKK

	<u>31.12.2022</u>	<u>31.12.2021</u>
5. Completed development projects		
Opening balance on 01 January 2022	3.881.330	3.881.330
Disposals/retirement	-3.881.330	0
Balance on 31 December 2022	<u>0</u>	<u>3.881.330</u>
Amortization and write down 1 January 2022	-3.881.330	-3.881.330
Disposals/retirement	3.881.330	0
Amortization and write down 31 December 2022	<u>0</u>	<u>-3.881.330</u>
Net book value 31 December 2022	<u>0</u>	<u>0</u>
6. Knowhow		
Opening balance on 01 January 2022	2.283.606	2.283.606
Disposals/retirement	-2.283.606	0
Balance on 31 December 2022	<u>0</u>	<u>2.283.606</u>
Amortization and write down 1 January 2022	-2.283.606	-2.283.606
Disposals/retirement	2.283.606	0
Amortization and write down 31 December 2022	<u>0</u>	<u>-2.283.606</u>
Net book value 31 December 2022	<u>0</u>	<u>0</u>

Notes

All amounts in DKK

	<u>31.12.2022</u>	<u>31.12.2021</u>
7. Goodwill		
Opening balance on 01 January 2022	46.934.805	46.934.805
Disposals/retirement	<u>-6.295.590</u>	<u>0</u>
Balance on 31 December 2022	<u>40.639.215</u>	<u>46.934.805</u>
Amortization and write down 1 January 2022	-22.745.880	-20.122.250
Amortization for the year	-2.623.631	-2.623.630
Disposals/retirement	<u>6.295.590</u>	<u>0</u>
Amortization and write down 31 December 2022	<u>-19.073.920</u>	<u>-22.745.880</u>
Net book value 31 December 2022	<u>21.565.295</u>	<u>24.188.925</u>
8. Licenses, concessions, patents		
Opening balance on 01 January 2022	9.736.904	9.736.904
Disposals/retirement	<u>-2.354.566</u>	<u>0</u>
Balance on 31 December 2022	<u>7.382.338</u>	<u>9.736.904</u>
Amortization and write down 1 January 2022	-9.643.607	-9.614.473
Amortization for the year	-11.196	-29.135
Disposals/retirement	<u>2.354.566</u>	<u>0</u>
Amortization and write down 31 December 2022	<u>-7.300.237</u>	<u>-9.643.607</u>
Net book value 31 December 2022	<u>82.101</u>	<u>93.297</u>

Notes

All amounts in DKK

	<u>31.12.2022</u>	<u>31.12.2021</u>
9. Other Plants, Operating Assets, and Fixtures and Furniture		
Opening balance on 01 January 2022	5.671.417	5.671.417
Additions during the year	275.400	0
Disposals/retirement	<u>-4.226.212</u>	<u>0</u>
Balance on 31 December 2022	<u>1.720.605</u>	<u>5.671.417</u>
Depreciation and write down 01 January 2022	-5.557.620	-5.445.438
Depreciation for the year	-123.922	-112.182
Depreciation, amortization and write down for the year, assets disposed of	<u>4.226.212</u>	<u>0</u>
Depreciation and write down 31 December 2022	<u>-1.455.330</u>	<u>-5.557.620</u>
Net book value 31 December 2022	<u>265.275</u>	<u>113.798</u>

Notes

All amounts in DKK

	<u>31.12.2022</u>	<u>31.12.2021</u>
10. Furniture and office equipment		
Opening balance on 01 January 2022	4.198.628	4.075.351
Additions during the year	362.922	123.277
Disposals/retirement	<u>-2.029.921</u>	<u>0</u>
Balance on 31 December 2022	<u>2.531.628</u>	<u>4.198.628</u>
Depreciation and write down 01 January 2022	-3.635.090	-3.450.778
Depreciation for the year	-186.243	-184.312
Disposals/retirement	<u>2.029.921</u>	<u>0</u>
Depreciation and write down 31 December 2022	<u>-1.791.412</u>	<u>-3.635.090</u>
Net book value 31 December 2022	<u>740.216</u>	<u>563.538</u>
11. Other Debtors		
Opening balance on 01 January 2022	900.525	1.656.229
Additions/disposals during the year	<u>-14.101</u>	<u>-755.704</u>
Balance on 31 December 2022	<u>886.424</u>	<u>900.525</u>
Net book value 31 December 2022	<u>886.424</u>	<u>900.525</u>
Reported as: Deposits	<u>886.424</u>	<u>900.525</u>

Notes

All amounts in DKK

12. Contributed Capital

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

13. Deferred Tax	2022	2021
Deferred tax on 1 January	2.004.138	1.610.450
Deferred tax adjustment for the year in the income statement	389.896	393.688
	2.394.034	2.004.138

14. Contingencies

Contingent Liabilities

Lease obligations under operating leases.

Total future lease payments:

	31.12.2022	31.12.2021
	DKK in thousands	DKK in thousands
Within 1 year	1.060	877
More than 1 year	814	622
Operating lease in Total	1.874	1.498
Within 1 year	1.824	1.655
More than 1 year	5.573	6.467
Rental lease, period of non-terminability up to 7,5 years	7.397	8.122

Notes

All amounts in DKK

15. 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 & Co. KGaA, 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 & Co. KGaA can be obtained by contacting CompuGroup Medical SE & Co. KGaA using the following address:

CompuGroup Medical SE & Co. KGaA
Maria Trost 21,
56070 Koblenz
Germany
<https://www.cgm.com>

Notes

Relationships

Holding Company
Fellow Subsidiaries

Profdoc AS
CompuGroup Medical Norway AS
CompuGroup Medical Sweden AB
CompuGroup Medical SE & Co.
KGaA
CompuGroup Medical Deutschland AG
CompuGroup Medical France SAS
CompuGroup Medical IT Solutions+Services
CompuGroup Medical Nederland BV

Members of key management

Emanuelle Roberto Virgilio Mugnani
Henrik Aase
Michael Hein

Related Party Balances

Payables and receivables from related parties are disclosed in the balance sheet, interest is disclosed in disclosure 2.

Related Party Transactions

Sales of goods/services to a subsidiary: 4.511.516 DKK

Purchases of goods from a subsidiary: 8.164.235 DKK

Accounting policies used

The annual report of CompuGroup Medical Denmark A/S for 2022 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

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 & Co. KGaA, Maria Trost 21, 56070 Koblenz, Germany, CVR no. HRB 27430.

Recognition and measurement in general

Income is recognized in the profit and loss account concurrently with its realization, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortization, write-down, provisions, and reversals which are due to changes in estimated amounts previously recognized in the profit and loss account are recognized in the profit and loss account.

Assets are recognized 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 recognized 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 recognized in the profit and loss account as an item under net financials.

Accounting policies used

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 owned, or the liability recognized 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 capitalized, 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 recognized 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.

Accounting policies used

Depreciation, amortization and write down

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

Net financials

Net financials comprise interest, financial income regarding finance leases, realized and unrealized capital gains and losses concerning financial assets and liabilities, amortization of financial assets and liabilities, additions, and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognized 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 recognized 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 recognized in the profit and loss account as costs in the acquisition year.

Patents and licenses are measured at cost with deduction of accrued amortization. Patents are amortized on a straight-line basis over the remaining patent period, and licenses are amortized 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 recognized in the profit and loss account as other operating income or other operating expenses, respectively.

Goodwill

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

Accounting policies used

Tangible fixed assets

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

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

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

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

Other plants, operating assets, fixtures, and furniture	3-5 years
Furniture and office equipment	3-5 years

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

Leasing contracts

Leases for fixed assets that transfer substantially all risks and rewards incident to ownership to the lessee (finance leases) are recognized 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 recognized value of the lease is written down in line with instalments received. The interest element of the lease payment is to be recognized 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 amortization and depreciation respectively.

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

Accounting policies used

Inventories

Inventories are measured at cost on basis of the FIFO method. In case the net realizable value of the inventories is lower than the cost, write down 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 realizable value for inventories is recognized as the market price with deduction of completion costs and selling costs. The net realizable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Debtors

Debtors are measured at amortized cost which usually corresponds to face value. To meet expected losses, write down takes place at the net realizable 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).

Accounting policies used

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognized in the balance sheet at the amount calculated based on 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 based on 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 recognized at the value at which they are expected to be realizable, 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 amortized cost which usually corresponds to the nominal value.

Accounting policies used
