BEIERHOLM
VI SKABER BALANCE

NRT - Nordisk Røntgen Teknik A/S

Birkegårdsvej 16, 8361 Hasselager
CVR no. 26 13 26 49

Annual report
for the financial year 01.07.21 - 30.06.22

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 04.11.22

Mogens Ravn
Dirigent

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Company information etc.

The company

NRT - Nordisk Røntgen Teknik A/S
Birkegårdsvej 16
8361 Hasselager
Denmark
Registered office: Aarhus
CVR no.: 26 13 26 49
Financial year: 01.07 - 30.06

Executive Board

Mogens Ravn

Board of Directors

Peter Jan Blonk
Shuzo Yamamoto
Mogens Ravn

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.07.21 - 30.06.22 for NRT - Nordisk Røntgen Teknik A/S.

The annual report is presented in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 30.06.22 and of the results of the company's activities for the financial year 01.07.21 - 30.06.22.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Hasselager, October 27, 2022

Executive Board

Mogens Ravn

Board of Directors

Peter Jan Blonk Chairman	Shuzo Yamamoto	Mogens Ravn

To the Shareholder of NRT - Nordisk Røntgen Teknik A/S

Opinion

We have audited the financial statements of NRT - Nordisk Røntgen Teknik A/S for the financial year 01.07.21 - 30.06.22, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the financial statements give a true and fair view of the company's assets, liabilities and financial position at 30.06.22 and of the results of the company's operations for the financial year 01.07.21 - 30.06.22 in accordance with the the Danish Financial Statements Act (Årsregnskabsloven).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing 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.

Other matters

Development costs have been capitalized in the annual report, and these assets are associated with uncertainty about their valuation. We agree with the accounting practices used by management and the accounting estimates exercised by management. We refer to note 1, where the mention of this uncertainty is described

Management's responsibility for the financial statements

The Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore the Management is responsible for the internal control as the 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 International Standards on Auditing 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 International Standards on Auditing 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.

Statement regarding the 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, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Acts. We did not identify any material misstatement of management's review.

Aarhus, October 27, 2022

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Martin Rasmussen
State Authorized Public Accountant
MNE-no. mne32849

Primary activities

The company's activities consist of development, production and sale of equipment for the healthcare sector as well as any activity that, according to the board's discretion, is connected hereto.

Uncertainty concerning recognition and measurement

In the financial statements for the financial year 01.07.21 - 30.06.22, it is important to note the following uncertainty with regard to recognition and measurement, as it has had a significant influence on the assets and liabilities recognised in the financial statements:

In the annual report, the company has capitalized significant costs for development projects in the most recent financial year. The book value of the capitalized costs for development projects amounts to DKK 18,846,342 per 30 June 2022, which is a smaller reduction compared to 30 June 2021. The value of the capitalized development projects is associated with uncertainty as they depend on the realization of the economic benefits through sales results of the developed products. It is the management's expectation that the financial benefits will clearly exceed the capitalized development costs. Introduction to the market of another newly developed product in the financial year 2021/22 indicates good sales opportunities.

Development in activities and financial affairs

The income statement for the period 01.07.21 - 30.06.22 shows a profit/loss of DKK -4,687,502 against DKK 1,064,243 for the period 01.07.20 - 30.06.21. The balance sheet shows equity of DKK 2,428,994.

Outlook

The company expects continued stable development by sales growth and improved result.

Changed ownership
Per March 1, 2022 the company became part of Canon Medical Systems Corporation, Japan, as a 100% owned subsidiary. The company expects to continue the positive development in sales and product development under the new ownership.

Research and development activities

In the course of the year, the company has continued to have significant product development activity. The development has been connected with the Celex systems. DKK 4,109,000 has been capitalized in the financial year 2021/22 related with development projects against DKK 2,770,128 in 2020/21.

Subsequent events

No important events have occurred after the end of the financial year.

Income statement

Note		2021/22 DKK	2020/21 DKK
	Gross profit	**20,364,614**	**24,572,816**
2	Staff costs	-20,644,957	-17,664,515
	Profit/loss before depreciation, amortisation, write-downs and impairment losses	**-280,343**	**6,908,301**
	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-4,955,592	-4,673,737
	Operating profit/loss	**-5,235,935**	**2,234,564**
3	Financial income	52,202	22,597
4	Financial expenses	-1,160,330	-2,040,526
	Profit/loss before tax	**-6,344,063**	**216,635**
	Tax on profit or loss for the year	1,656,561	847,608
	Profit/loss for the year	**-4,687,502**	**1,064,243**

Proposed appropriation account

Retained earnings	-4,687,502	1,064,243
Total	**-4,687,502**	**1,064,243**

Balance sheet

ASSETS

Note		30.06.22 DKK	30.06.21 DKK
	Completed development projects	18,846,342	19,776,982
5	**Total intangible assets**	**18,846,342**	**19,776,982**
	Deposits	920,000	905,000
	Total investments	**920,000**	**905,000**
	Total non-current assets	**19,766,342**	**20,681,982**
	Raw materials and consumables	14,334,000	11,797,000
	Work in progress	10,223,000	11,252,000
	Manufactured goods and goods for resale	7,151,523	149,000
	Total inventories	**31,708,523**	**23,198,000**
	Trade receivables	8,591,644	14,426,762
	Receivables from group enterprises	0	654,287
	Income tax receivable	572,000	248,317
	Other receivables	752,288	923,628
	Prepayments	410,784	565,772
	Total receivables	**10,326,716**	**16,818,766**
	Cash	**12,585,909**	**5,246**
	Total current assets	**54,621,148**	**40,022,012**
	Total assets	**74,387,490**	**60,703,994**

Balance sheet

EQUITY AND LIABILITIES

Note		30.06.22 DKK	30.06.21 DKK
	Share capital	1,500,000	1,500,000
	Reserve for development costs	14,700,146	15,426,045
	Retained earnings	-13,771,152	-9,809,549
	Total equity	**2,428,994**	**7,116,496**
	Provisions for deferred tax	2,442,947	3,527,508
6	Other provisions	140,000	185,000
	Total provisions	**2,582,947**	**3,712,508**
7	Subordinate loan capital	0	350,000
7	Payables to other credit institutions	0	7,001,816
7	Payables to group enterprises	60,046,473	0
7	Other payables	1,070,530	14,530,047
7	Deferred income	173,720	257,768
	Total long-term payables	**61,290,723**	**22,139,631**
7	Short-term part of long-term payables	84,042	84,042
	Payables to other credit institutions	4,315	15,103,555
	Trade payables	5,170,691	6,054,367
	Other payables	2,520,256	6,493,395
	Deferred income	305,522	0
	Total short-term payables	**8,084,826**	**27,735,359**
	Total payables	**69,375,549**	**49,874,990**
	Total equity and liabilities	**74,387,490**	**60,703,994**

8 Contingent liabilities
9 Charges and security

Statement of changes in equity

Figures in DKK	Share capital	Reserve for development costs	Retained earnings	Total equity
Statement of changes in equity for 01.07.21 - 30.06.22				
Balance as at 01.07.21	1,500,000	15,426,045	-9,809,549	7,116,496
Other changes in equity	0	-725,899	725,899	0
Net profit/loss for the year	0	0	-4,687,502	-4,687,502
Balance as at 30.06.22	1,500,000	14,700,146	-13,771,152	2,428,994

1. Uncertainty concerning recognition and measurement

In the financial statements for the financial year 01.07.21 - 30.06.22, it is important to note the following uncertainty as regards recognition and measurement as it has had a significant influence on the assets and liabilities recognised in the financial statements:

In the annual report, the company has capitalized significant costs for development projects in the most recent financial year. The book value of the capitalized costs for development projects amounts to DKK 18,846,342 per 30 June 2022, which is a smaller reduction compared to 30 June 2021. The value of the capitalized development projects is associated with uncertainty as they depend on the realization of the economic benefits through sales results of the developed products. It is the management's expectation that the financial benefits will clearly exceed the capitalized development costs. Introduction to the market of another newly developed product in the financial year 2021/22 indicates good sales opportunities.

	2021/22 DKK	2020/21 DKK

2. Staff costs

	2021/22 DKK	2020/21 DKK
Wages and salaries	17,991,179	15,247,830
Pensions	2,306,124	2,121,688
Other social security costs	144,972	125,008
Other staff costs	202,682	169,989
Total	20,644,957	17,664,515
Average number of employees during the year	34	34

3. Financial income

	2021/22 DKK	2020/21 DKK
Interest, group enterprises	6,622	22,597
Foreign currency translation adjustments	45,580	0
Total	52,202	22,597

	2021/22 DKK	2020/21 DKK

4. Financial expenses

	2021/22 DKK	2020/21 DKK
Interest, group enterprises	46,473	0
Other interest expenses	801,154	1,137,781
Foreign currency translation adjustments	0	554,036
Other financial expenses	312,703	348,709
Other financial expenses	1,113,857	2,040,526
Total	1,160,330	2,040,526

5. Intangible assets

Figures in DKK	Completed development projects	Goodwill
Cost as at 01.07.21	45,560,199	3,000,000
Additions during the year	4,109,000	0
Cost as at 30.06.22	49,669,199	3,000,000
Amortisation and impairment losses as at 01.07.21	-25,783,217	-3,000,000
Amortisation during the year	-5,039,640	0
Amortisation and impairment losses as at 30.06.22	-30,822,857	-3,000,000
Carrying amount as at 30.06.22	18,846,342	0

The recognized costs for development projects, which primarily consist of expenses for salaries and auxiliary materials, relate to the development of equipment for the hospital sector. The management has high expectations for these development projects, and the management has not identified any indications of a need for impairment in relation to the accounting book value.

The expected contribution margin on the sale of the new systems is expected to clearly exceed the capitalized development costs, and the expected lifetime of the systems is expected to be 5-10 years.

	30.06.22 DKK	30.06.21 DKK

6. Other provisions

Other provisions are expected to be distributed as follows:

	30.06.22	30.06.21
Current liabilities	140,000	185,000
Total	140,000	185,000

7. Long-term payables

Figures in DKK	Repayment first year	Outstanding debt after 5 years	Total payables at 30.06.22	Total payables at 30.06.21
Subordinate loan capital	0	0	0	350,000
Payables to credit institutions	0	0	0	7,001,816
Payables to group enterprises	0	0	60,046,473	0
Other payables	0	1,070,530	1,070,530	14,530,047
Deferred income	84,042	0	257,762	341,810
Total	84,042	1,070,530	61,374,765	22,223,673

8. Contingent liabilities

Other contingent liabilities

The company is taxed jointly with the other Danish companies in the group and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The total tax liability for the jointly taxed companies at the balance sheet date has not yet been determined. For further information, please see the financial statements of the management company Canon Danmark A/S.

The company has an employee obligation of approximately DKK 1,270,000 regarding bonuses in 2022.

The company has concluded rental agreements with a notice period of 12 months and a total rent of DKK 935,000.

9. Charges and security

As security for debt to credit institutions of DKK 0, a company charge of DKK 22,000,000 has been provided comprising goodwill, intellectual property rights, motor vehicles, other plant, fixtures and fittings, tools and equipment, inventories stock, and other ancillary materials.

10. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B with application of provisions for a higher reporting class.

The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

10. Accounting policies - continued -

GRANTS

Grants are recognised when there is reasonable certainty that the grant conditions have been met and that the grant will be received.

Grants received for the production or construction of assets are recognised as deferred income under payables. For depreciable and amortisable assets, the grant is recognised as the asset is depreciated or amortised.

INCOME STATEMENT

Gross profit

Gross profit comprises revenue, work performed for own account and capitalised and raw materials and consumables and other external expenses.

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Work performed for own account and capitalised

Work performed for own account and capitalised comprises cost of sales, wages and salaries and other internal expenses incurred during the year and included in the cost of self-constructed or self-produced intangible assets.

Work performed for own account and capitalised comprises cost of sales, wages and salaries and other internal expenses incurred during the year and included in the cost of self-constructed or self-produced intangible assets.

10. Accounting policies - continued -

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value, per cent
Completed development projects	5-8	0
Goodwill	5	0
Other plant, fixtures and fittings, tools and equipment	5	0

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the ‘Impairment losses on fixed assets’ section.

10. Accounting policies - continued -

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

BALANCE SHEET

Intangible assets

Completed development projects

Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

Development projects are subsequently measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Completed development projects are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

10. Accounting policies - continued -

Goodwill

Goodwill is measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Goodwill is amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of intangible assets

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Inventories

Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

10. Accounting policies - continued -

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The cost of manufactured finished goods and work in progress is determined as the value of direct material and labour costs. Interest on loans arranged to finance production is not included in the cost.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank accounts as well as operating cash.

Equity

An amount equivalent to internally generated development costs in the balance sheet is recognised in equity under reserve for development costs. The reserve is measured less deferred tax and reduced by amortisation and impairment losses on the asset. If impairment losses on development costs are subsequently reversed, the reserve will be restored with a corresponding amount. The reserve is dissolved when the development costs are no longer recognized in the balance sheet, and the remaining amount will be transferred to retained earnings.

10. Accounting policies - continued -

Provisions

Other provisions comprise expected expenses incidental to warranty commitments, restructuring etc. and are recognised when the company has a legal or constructive obligation at the balance sheet date and it is probable that such obligation will draw on the financial resources of the company. Provisions are measured at net realisable value or fair value if the provision is expected to be settled over the longer term.

Warranty commitments comprise the obligation to repair defective work within the warranty period of 1-5 years. Warranty commitments are measured at net realisable value and recognised based on previous years' experience with warranty work.

Current and deferred tax

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

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

With subordinate loan capital, the creditor has subordinated its claim to those of all other creditors of the company.

Long-term payables are measured at cost at the time of contracting such liabilities (raising

10. Accounting policies - continued -

of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

Deferred income

Deferred income under liabilities comprises payments received in respect of income in subsequent financial years.