



Life Care Holding II ApS

Sundkrogsgade 19, 2.
2100 Copenhagen
CVR No. 32942466

Annual report 2021

The Annual General Meeting adopted the
annual report on 29.06.2022

Brian Friis

Chairman of the General Meeting

Contents

Entity details	2
Statement by Management on the annual report	3
Independent auditor's report	4
Management commentary	7
Consolidated income statement for 2021	8
Consolidated balance sheet at 31.12.2021	9
Consolidated statement of changes in equity for 2021	11
Notes to consolidated financial statements	12
Parent income statement for 2021	15
Parent balance sheet at 31.12.2021	16
Parent statement of changes in equity for 2021	18
Notes to parent financial statements	19
Accounting policies	21

Entity details

Entity

Life Care Holding II ApS

Sundkrogsgade 19, 2.

2100 Copenhagen

Business Registration No.: 32942466

Registered office: Copenhagen

Financial year: 01.01.2021 - 31.12.2021

Executive Board

Brian Friis

Teddy Bønchel Iversen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management on the annual report

The Executive Board has today considered and approved the annual report of Life Care Holding II ApS for the financial year 01.01.2021 - 31.12.2021.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations for the financial year 01.01.2021 - 31.12.2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 29.06.2022

Executive Board

Brian Friis

Teddy Bønychel Iversen

Independent auditor's report

To the shareholders of Life Care Holding II ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Life Care Holding II ApS for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group 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 responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error

and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Group's and the Entity'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 consolidated financial statements and the parent 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 Group's and the Entity'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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 29.06.2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Bjørn Winkler Jakobsen

State Authorised Public Accountant
Identification No (MNE) mne32127

Management commentary

Primary activities

LifeCare Holding II ApS, and its affiliated companies are working within the e-commerce segment in the steadily growing Health and supplement category.

Description of material changes in activities and finances

2021 saw a declining topline, as the activities was focused around investing into reengineering the systems and processes to establish future efficient cost optimization.

2021 also was affected by a general e-commerce slowdown in sales, following the 2020 COVID upside effects.

The result for the year is expected, driven by substantial investments in to new CRM and Finance systems and processes, as well as closing down the warehouse in Netherlands, and outsourcing warehousing and logistics activities to a 3PL provider.

Outlook

We will focus on creating long term sales momentum through efficient marketing focus and further product compliance development activities.

For 2022 we expect the sales to be in line with 2021 with a 2022 EBITDA expectation of 7m DKK.

The share capital has been lost and is therefore covered by the rules in the companies Act regarding capital losses.

The plan is to establish a positive equity level in 2023 through optimized sales and cost financials, supported by double digit growth expectations for 2023.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2021

	Notes	2021 DKK	2020 DKK
Revenue		125,572,634	136,329,927
Cost of sales		(75,099,091)	(83,814,228)
Other external expenses		(35,972,172)	(35,562,222)
Gross profit/loss		14,501,371	16,953,477
Staff costs	1	(19,022,019)	(17,962,406)
Depreciation, amortisation and impairment losses	2	0	(126,821)
Operating profit/loss		(4,520,648)	(1,135,750)
Other financial income	3	1,341	1,282,466
Other financial expenses	4	(2,567,643)	(830,751)
Profit/loss before tax		(7,086,950)	(684,035)
Tax on profit/loss for the year		(36,736)	(635,002)
Profit/loss for the year		(7,123,686)	(1,319,037)
Proposed distribution of profit and loss			
Retained earnings		(7,123,686)	(1,319,037)
Proposed distribution of profit and loss		(7,123,686)	(1,319,037)

Consolidated balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Goodwill		0	0
Intangible assets	5	0	0
Other fixtures and fittings, tools and equipment		0	0
Leasehold improvements		0	0
Property, plant and equipment	6	0	0
Deposits		597,157	203,422
Financial assets	7	597,157	203,422
Fixed assets		597,157	203,422
Manufactured goods and goods for resale		12,550,115	12,202,187
Inventories		12,550,115	12,202,187
Trade receivables		1,330,448	2,401,973
Deferred tax		10,000	27,000
Other receivables		4,902,898	5,127,528
Tax receivable		2,354,808	2,193,501
Prepayments		0	120,405
Receivables		8,598,154	9,870,407
Cash		909,250	11,367,000
Current assets		22,057,519	33,439,594
Assets		22,654,676	33,643,016

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital		80,000	80,000
Retained earnings		(9,100,276)	(1,976,590)
Equity		(9,020,276)	(1,896,590)
Bank loans		398,564	375,863
Prepayments received from customers		0	1,277,100
Trade payables		18,721,869	18,184,708
Payables to group enterprises		2,473,722	3,320,690
Payables to associates		4,385,651	2,970,857
Payables to owners and management		265,912	0
Joint taxation contribution payable		0	186,948
Other payables		5,429,234	9,223,440
Current liabilities other than provisions		31,674,952	35,539,606
Liabilities other than provisions		31,674,952	35,539,606
Equity and liabilities		22,654,676	33,643,016
Unrecognised rental and lease commitments	8		
Contingent liabilities	9		
Subsidiaries	10		

Consolidated statement of changes in equity for 2021

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	80,000	(1,976,590)	(1,896,590)
Profit/loss for the year	0	(7,123,686)	(7,123,686)
Equity end of year	80,000	(9,100,276)	(9,020,276)

Notes to consolidated financial statements

1 Staff costs

	2021	2020
	DKK	DKK
Wages and salaries	16,738,135	15,319,346
Pension costs	466,069	443,622
Other social security costs	1,535,011	1,866,924
Other staff costs	282,804	332,514
	19,022,019	17,962,406
Average number of full-time employees	25	31

2 Depreciation, amortisation and impairment losses

	2021	2020
	DKK	DKK
Depreciation on property, plant and equipment	0	126,821
	0	126,821

3 Other financial income

	2021	2020
	DKK	DKK
Other interest income	1,341	0
Exchange rate adjustments	0	1,282,466
	1,341	1,282,466

4 Other financial expenses

	2021	2020
	DKK	DKK
Financial expenses from group enterprises	66,820	80,994
Financial expenses from associates	106,967	72,460
Exchange rate adjustments	0	517,456
Other financial expenses	2,393,856	159,841
	2,567,643	830,751

5 Intangible assets

	Goodwill DKK
Cost beginning of year	2,663,804
Cost end of year	2,663,804
Amortisation and impairment losses beginning of year	(2,663,804)
Amortisation and impairment losses end of year	(2,663,804)
Carrying amount end of year	0

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	194,823	329,090
Disposals	(60,567)	(329,090)
Cost end of year	134,256	0
Depreciation and impairment losses beginning of year	(194,823)	(329,090)
Reversal regarding disposals	60,567	329,090
Depreciation and impairment losses end of year	(134,256)	0
Carrying amount end of year	0	0

7 Financial assets

Financial asset investments contains deposits.

8 Unrecognised rental and lease commitments

	2021 DKK	2020 DKK
Total liabilities under rental or lease agreements until maturity	5,205,125	468,699

9 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where G & B FRIIS HOLDING ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements

10 Subsidiaries

	Registered in	Corporate form	Ownership %
Life Care Europe ApS	Denmark	ApS	100.00
Life Care Deutschland	Germany	GmbH	100.00
Life Extension Europe B.V	Netherlands	B.V.	100.00
Lif eCare Europe Limited	England	Limited	100.00

Parent income statement for 2021

	Notes	2021 DKK	2020 DKK
Other external expenses		(238,218)	(2,644,193)
Gross profit/loss		(238,218)	(2,644,193)
Income from investments in group enterprises		(6,732,103)	1,274,683
Other financial income	2	66,323	64,394
Other financial expenses	3	(219,688)	(213,658)
Profit/loss before tax		(7,123,686)	(1,518,774)
Tax on profit/loss for the year	4	0	199,737
Profit/loss for the year		(7,123,686)	(1,319,037)
Proposed distribution of profit and loss			
Retained earnings		(7,123,686)	(1,319,037)
Proposed distribution of profit and loss		(7,123,686)	(1,319,037)

Parent balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Goodwill		0	0
Intangible assets	5	0	0
Investments in group enterprises		13,499,166	4,109,940
Financial assets	6	13,499,166	4,109,940
Fixed assets		13,499,166	4,109,940
Receivables from group enterprises		2,702,898	2,640,152
Tax receivable		162,000	0
Joint taxation contribution receivable		0	199,737
Receivables		2,864,898	2,839,889
Cash		1,931	32,309
Current assets		2,866,829	2,872,198
Assets		16,365,995	6,982,138

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital		80,000	80,000
Reserve for net revaluation according to equity method		10,006,356	617,130
Retained earnings		(19,106,632)	(2,593,720)
Equity		(9,020,276)	(1,896,590)
Provisions for investments in group enterprises		16,121,328	0
Provisions		16,121,328	0
Trade payables		0	118,750
Payables to group enterprises		8,083,812	7,188,449
Payables to associates		1,172,816	1,571,529
Other payables		8,315	0
Current liabilities other than provisions		9,264,943	8,878,728
Liabilities other than provisions		9,264,943	8,878,728
Equity and liabilities		16,365,995	6,982,138
Going concern	1		
Employees	7		
Contingent liabilities	8		
Assets charged and collateral	9		

Parent statement of changes in equity for 2021

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Total DKK
Equity beginning of year	80,000	617,130	(2,593,720)	(1,896,590)
Profit/loss for the year	0	9,389,226	(16,512,912)	(7,123,686)
Equity end of year	80,000	10,006,356	(19,106,632)	(9,020,276)

Notes to parent financial statements

1 Going concern

G & B Friis Holding ApS has submitted a financial statement of support so that Life Care Holding II ApS can continue its Operation until 31.12.2022.

Life Care Europe ApS and G & B Friis Holding ApS has submitted financial subordination agreements, so that Life Care Holding II ApS can continue its operation until 31.12.2022.

2 Other financial income

	2021 DKK	2020 DKK
Financial income from group enterprises	64,981	64,394
Other interest income	1,342	0
	66,323	64,394

3 Other financial expenses

	2021 DKK	2020 DKK
Financial expenses from group enterprises	191,083	175,328
Financial expenses from associates	28,605	38,330
	219,688	213,658

4 Tax on profit/loss for the year

	2021 DKK	2020 DKK
Refund in joint taxation arrangement	0	(199,737)
	0	(199,737)

5 Intangible assets

	Goodwill DKK
Cost beginning of year	2,663,804
Cost end of year	2,663,804
Amortisation and impairment losses beginning of year	(2,663,804)
Amortisation and impairment losses end of year	(2,663,804)
Carrying amount end of year	0

6 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	3,492,810
Cost end of year	3,492,810
Revaluations beginning of year	617,130
Share of profit/loss for the year	(6,732,102)
Investments with negative equity value transferred to provisions	16,121,328
Revaluations end of year	10,006,356
Carrying amount end of year	13,499,166

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

7 Working conditions

As in previous years, the Company has no employees.

8 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where G & B FRIIS HOLDING ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

9 Assets charged and collateral

The company has provided an absolute guarantee for Life Care Europe ApS's obligations

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise wages and salaries, and social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, as well as gains and losses from the sale of tangible assets.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc. Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet**Goodwill**

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Goodwill is written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3 years
Leasehold improvements	3 years

Estimated useful lives and residual values are reassessed annually. Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or the planned settlement of each liability.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Joint taxation contributions payable or receivable

Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Other provisions

Other provisions comprise of provisions for investments in group enterprises.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.