BEIERHOLM
VI SKABER BALANCE

Medichanical Engineering ApS

Havneparken 2, 7100 Vejle

CVR no. 33 38 83 81

Annual report
for the financial year 01.10.20 - 30.09.21

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 14.03.22

Eske Winther Petersen
Dirigent

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Company information etc.

The company

Medichanical Engineering ApS
Havneparken 2
7100 Vejle
Tel.: 51 82 01 05
Website: www.medichanical.com
Registered office: Vejle
CVR no.: 33 38 83 81
Financial year: 01.10 - 30.09

Executive Board

Eske Winther Petersen

Board of Directors

Renaat Vermeulen
Poul Torben Nielsen
Mads Spangaard Rasmussen

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Subsidiarie

Medichanical USA Inc., USA

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 01.10.20 - 30.09.21 for Medichanical Engineering ApS.

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 30.09.21 and of the results of the company's activities for the financial year 01.10.20 - 30.09.21.

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.

Vejle, March 10, 2022

Executive Board

Eske Winther Petersen

Board of Directors

Renaat Vermeulen

Poul Torben Nielsen

Mads Spangaard Rasmussen

Independent auditor’s report

To the capital owners of Medichanical Engineering ApS

Opinion

We have audited the financial statements of Medichanical Engineering ApS for the financial year 01.10.20 - 30.09.21, 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 30.09.21 and of the results of the company's operations for the financial year 01.10.20 - 30.09.21 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.

Material uncertainty regarding going concern

Without modifying our conclusion, we draw attention to the information in note 1, in which the management explains the prerequisites for going concern.

The management states, that the company is in negotiations with creditors to defer repayments. As the agreement is not finally in place, there will be a natural uncertainty in the assessment of the company's capital resources. It is management's expectation that Creditors will respond to this request. In this way, the capital resources are assessed to be sufficient to cover the liquidity needs that will be associated with operations in the coming financial year. Based on the expectations, the financial statement has been presentedon a going concern basis.

We agree with management in the description of the uncertainty and the choice of accounting principle.

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.

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.

Hobro, March 10, 2022

Beierholm
Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Claus Knudsen Tilsted
State Authorized Public Accountant
MNE-no. mne18546

Primary activities

The company's activities comprise of the development and sale of medical instruments.

Uncertainty concerning recognition and measurement

In the financial statements for the financial year 01.10.20 - 30.09.21, 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:

The company has completed product development and is now focusing on establishing sales channels, marketing campaigns etc. in selected markets. The company's value will depend on this market development. If the market development does not succeed, it will be necessary to write down the company's assets.

Development in activities and financial affairs

The income statement for the period 01.10.20 - 30.09.21 shows a profit/loss of DKK -1,189,753 against DKK -1,411,671 for the period 01.10.19 - 30.09.20. The balance sheet shows equity of DKK 6,875,264.

The management considers the net profit for the year to be satisfactory as the company has focused on the market development in the current financial year. As a result of the COVID-19 virus, market development was reduced during the financial year. It is the management's expectation that the market development will be successful in the coming financial year, enough to attract new external capital for growing the sales to the state of cash positive operations and beyond.

Significant uncertainty as regards going concern

The company is in negotiations with creditors to defer repayment of loans. As the agreement is not finally in place, there will be a natural uncertainty in the assessment of the company's capital resources. It is management's expectation that creditors will respond to this request. In this way, the capital resources are assessed to be sufficient to cover the liquidity needs that will be associated with operations in the coming financial year. Based on the expectations, the accounts have been presented as a going concern.

Research and development activities

The development activities primarily include further development of the companys main product "X-pander" which is a medical device specifically for orthopedic surgery. The product will ensure more cost-effective hip surgeries, fewer surgical errors and fewer inconveniences for the patient.

Subsequent events

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

Income statement

Note		2020/21 DKK	2019/20 DKK
	Gross profit	**1.982.655**	**1.376.471**
4	Staff costs	-1.020.125	-1.066.970
	Profit before depreciation, amortisation, write-downs and impairment losses	**962.530**	**309.501**
	Amortisation and impairments losses of intangible assets	-2.115.882	-1.855.491
	Operating loss	**-1.153.352**	**-1.545.990**
	Financial income	19.892	1.176
	Financial expenses	-391.549	-340.442
	Loss before tax	**-1.525.009**	**-1.885.256**
5	Tax on loss for the year	335.256	473.585
	Loss for the year	**-1.189.753**	**-1.411.671**

Proposed appropriation account

Retained earnings	-1.189.753	-1.411.671
Total	**-1.189.753**	**-1.411.671**

Balance sheet

ASSETS

Note		30.09.21 DKK	30.09.20 DKK
	Completed development projects	17.270.825	18.386.232
	Development projects in progress	0	1.000.475
6	**Total intangible assets**	**17.270.825**	**19.386.707**
	Equity investments in group enterprises	56.315	56.315
	Deposits	9.200	9.200
	Total investments	**65.515**	**65.515**
	Total non-current assets	**17.336.340**	**19.452.222**
	Raw materials and consumables	20.033	75.510
	Total inventories	**20.033**	**75.510**
	Trade receivables	4.764	56.060
	Receivables from group enterprises	1.116.134	793.619
	Income tax receivable	197.635	197.635
	Other receivables	1.633.425	87.222
	Prepayments	6.050	37.920
7	**Total receivables**	**2.958.008**	**1.172.456**
	Cash	**631.669**	**760.079**
	Total current assets	**3.609.710**	**2.008.045**
	Total assets	**20.946.050**	**21.460.267**

Balance sheet

EQUITY AND LIABILITIES

Note		30.09.21 DKK	30.09.20 DKK
	Share capital	183.566	183.566
	Reserve for development costs	13.471.243	15.121.631
	Retained earnings	-6.779.545	-7.240.180
	Total equity	**6.875.264**	**8.065.017**
	Provisions for deferred tax	2.668.533	3.003.789
	Total provisions	**2.668.533**	**3.003.789**
8	Other payables	7.587.204	6.632.733
8	Deferred income	2.299.172	2.623.761
	Total long-term payables	**9.886.376**	**9.256.494**
8	Short-term part of long-term payables	665.890	347.499
	Trade payables	413.556	299.563
	Other payables	436.431	487.905
	Total short-term payables	**1.515.877**	**1.134.967**
	Total payables	**11.402.253**	**10.391.461**
	Total equity and liabilities	**20.946.050**	**21.460.267**

9 Contingent liabilities
10 Charges and security

Statement of changes in equity

Figures in DKK	Share capital	Reserve for development costs	Retained earnings
Statement of changes in equity for 01.10.20 - 30.09.21			
Balance as at 01.10.20	183.566	15.121.631	-7.240.180
Transfers to/from other reserves	0	-1.650.388	1.650.388
Net profit/loss for the year	0	0	-1.189.753
Balance as at 30.09.21	183.566	13.471.243	-6.779.545

1. Significant uncertainty as regards going concern

The company is in negotiations with creditors to defer repayment of loans. As the agreement is not finally in place, there will be a natural uncertainty in the assessment of the company's capital resources. It is management's expectation that creditors will respond to this request. In this way, the capital resources are assessed to be sufficient to cover the liquidity needs that will be associated with operations in the coming financial year. Based on the expectations, the accounts have been presented as a going concern.

2. Uncertainty concerning recognition and measurement

In the financial statements for the financial year 01.10.20 - 30.09.21, 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:

The company has completed product development and is now focusing on establishing sales channels, marketing campaigns etc. in selected markets. The company's value will depend on this market development. If the market development does not succeed, it will be necessary to write down the company's assets.

3. Special items

Special items are income and expenses that are special due to their size and nature. The following special items were recorded in the financial year:

Special items:	Recognised in the income statement in:	2020/21 DKK	2019/20 DKK
Public grants, Covid-19	Other operating income	2.335.408	573.123

Notes

	2020/21 DKK	2019/20 DKK

4. Staff costs

Wages and salaries	1.008.391	1.058.675
Other social security costs	4.828	3.976
Other staff costs	6.906	4.319
Total	1.020.125	1.066.970
Average number of employees during the year	2	2

5. Tax on loss for the year

Current tax for the year	0	-197.635
Adjustment of deferred tax for the year	-335.256	-275.950
Total	-335.256	-473.585

6. Intangible assets

Figures in DKK	Completed development projects	Acquired rights	Development projects in progress
Cost as at 01.10.20	20.241.723	2.000.000	1.000.475
Transfers during the year to/from other items	1.000.475	0	-1.000.475
Cost as at 30.09.21	21.242.198	2.000.000	0
Amortisation and impairment losses as at 01.10.20	-1.855.491	-2.000.000	0
Amortisation during the year	-2.115.882	0	0
Amortisation and impairment losses as at 30.09.21	-3.971.373	-2.000.000	0
Carrying amount as at 30.09.21	17.270.825	0	0

The development activities primarily include further development of the companys main product "X-pander" which is a medical device specifically for orthopedic surgery. The product will ensure more cost-effective hip surgeries, fewer surgical errors and fewer inconveniences for the patient.

The company has completed product development of its first product and is now focusing on establishing sales channels, marketing campaigns etc. in selected markets. The company's value will depend on this market development. If the market development does not succeed, it will be necessary to write down the company's assets.

It is not considered that there are special prerequisites for the recognition and measurement of development projects.

7. Receivables

Receivables which fall due for payment more than 1 year after the end of the financial year	1.116.134	991.254

Receivables that fall due for payment more than 1 year after the end of the financial year are included in the accounting item "Income taxes receivables" and "Receivables from group enterprises.

8. Long-term payables

Figures in DKK	Repayment first year	Outstanding debt after 5 years	Total payables at 30.09.21	Total payables at 30.09.20
Other payables	341.301	1.909.523	7.928.505	6.655.643
Deferred income	324.589	1.000.816	2.623.761	2.948.350
Total	665.890	2.910.339	10.552.266	9.603.993

9. Contingent liabilities

Lease commitments

The company has concluded lease agreements with terms to maturity of 3 months and average lease payments of DKK 3k, a total of DKK 9k.

10. Charges and security

As security for debt to credit institutions of DKK 7,139k, a company charge has been provided comprising goodwill, intellectual property rights, motor vehicles, other plant, fixtures and fittings, tools and equipment, inventories and agricultural stock, trade receivables as well as fuels and other ancillary materials. The total carrying amount of the comprised assets is DKK 17,296k.

11. 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.

In accordance with section 110 of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

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.

11. Accounting policies - continued -

LEASES

Lease payments relating to operating and finance leases are recognised in the income statement on a straight-line basis over the lease term.

GRANTS

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

Grants to cover expenses incurred are recognised on a proportionate basis in the income statement over the period in which the expenses eligible for grants are expensed. Grants are recognised under other operating income.

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

INCOME STATEMENT

Gross profit

Gross profit comprises revenue, work performed for own account and capitalised, other operating income 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.

11. Accounting policies - continued -

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

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.

Amortisation and impairment losses

The amortisation of intangible assets aim at systematic amortisation over the expected useful lives of the assets. Assets are 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	10	0
Acquired rights	10	0

The basis of amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of 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.

11. Accounting policies - continued -

Intangible assets are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

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.

BALANCE SHEET

Intangible assets

Completed development projects and development projects in progress

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 directlyor indirectly 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 in progress are transferred to completed development projects when the asset is ready for use.

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 'Amortisation and impairment losses' section.

11. Accounting policies - continued -

Acquired rights

Aquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Acquired rights are amortised using the straight-line method based on useful lives, which are stated in the ‘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.

Equity investments in group entreprises

Equity investments in subsidiaries are measured in the balance sheet at cost less any impairment losses. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments.

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

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 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.

If dividends are distributed on equity investments in subsidiaries exceeding the year earnings from the enterprise in question, this is considered an indication of impairment.

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

11. Accounting policies - continued -

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.

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 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.

11. Accounting policies - continued -

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.

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.

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

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

11. Accounting policies - continued -

Deferred income

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