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# ***BIBAWO Medical A/S***

Klinthøj Vænge 6, DK-3460 Birkerød

## **Annual Report for 1 July 2021 - 30 June 2022**

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CVR No 40 93 19 37

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
8 /11 2022

Niels Ulrik Heine  
Chairman of the General  
Meeting



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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of BIBAWO Medical A/S for the financial year 1 July 2021 - 30 June 2022.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 30 June 2022 of the Company and of the results of the Company operations for 2021/22.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Birkerød, 8 November 2022

## Executive Board

Christian Kjerulf-Jensen

## Board of Directors

Niels Ulrik Heine  
Chairman

Christian Kjerulf-Jensen

Dorthe Kjerulf

Ole Kjerulf-Jensen

Bent Sørensen Kjærsgaard

Kim Domela Kjøller

# Independent Auditor's Report

To the Shareholder of BIBAWO Medical A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 June 2022 and of the results of the Company's operations for the financial year 1 July 2021 - 30 June 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of BIBAWO Medical A/S for the financial year 1 July 2021 - 30 June 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Statement on 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 Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

## Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstate-

# Independent Auditor's Report

ment, 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 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 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 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

# Independent Auditor's Report

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.

Hillerød, 8 November 2022

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Carsten Blicher

statsautoriseret revisor

mne16560

## Company Information

### **The Company**

BIBAWO Medical A/S  
Klintehøj Vænge 6  
DK-3460 Birkerød

CVR No: 40 93 19 37  
Financial period: 1 July - 30 June  
Incorporated: 6 November 2019  
Municipality of reg. office: Rudersdal

### **Board of Directors**

Niels Ulrik Heine, Chairman  
Christian Kjerulf-Jensen  
Dorthe Kjerulf  
Ole Kjerulf-Jensen  
Bent Sørensen Kjærsgaard  
Kim Domela Kjøller

### **Executive Board**

Christian Kjerulf-Jensen

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Milnersvej 43  
DK-3400 Hillerød

# Group Chart

## Tilknyttet virksomhed

DOC ApS  
Klintehøj Vænge 6  
3460 Birkerød  
*Ultimate parent company*

DOC-BIBAWO A/S  
Klintehøj Vænge 6  
3460 Birkerød  
*Parent company*

MediLink A/S  
Klintehøj Vænge 6  
3460 Birkerød  
*Affiliated company*

DOC-Jensby ApS  
c/o Ejendomsadministrationen  
4-B A/S  
Store Kongensgade 67 B  
1264 København K  
*Affiliated company*

BIBAWO Medical AB  
Järnåkravägen 21 A  
222 25 Lund, Sverige  
*Affiliated company*

BIBAWO Medical Unipessoal LDA  
Rua Júlio Dinis, 247, 6. E-1  
Edifício Mota Galiza  
4050-324 Porto, Portugal  
*Affiliated company*

BIBAWO Medical Private Limited  
53, Green Garden Apartments  
Waman Patil  
Mumbai City, Indien  
*Affiliated company*

BIBAWO Medical INC  
USA  
*Subsidiary*



# Management's Review

## Key activities

The Company's purpose is to manufacture, develop and sell medical devices. The activity is started in the autumn 2020.

## Development in the year

The income statement of the Company for 2021/22 shows a loss of DKK 11,144,459, and at 30 June 2022 the balance sheet of the Company shows equity of DKK 1,439,034.

The result for the year is as expected.

## Targets and expectations for the year ahead

For the coming financial year, a continued large investment in new markets, product development/product variants for new forms of treatment as well as authority approvals for the sale of our products is expected.

An operating deficit is therefore still expected for the coming financial year, albeit significantly less than realized in 2021/22.

The parent company DOC-BIBAWO A/S has issued a commitment to continue to support the company's expected and planned operations up to and including 30 June 2023.

## Subsequent events

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

## Income Statement 1 July - 30 June

|  | Note | 2021/22<br>DKK            | 2020/21<br>DKK           |
|--|------|---------------------------|--------------------------|
| <b>Gross profit/loss</b>   |      | <b>-5.842.886</b>         | <b>-1.276.979</b>        |
| Staff expenses   | 1    | -8.422.920                | -6.134.618               |
| Depreciation, amortisation and impairment of intangible assets and property, plant and equipment | 2    | <u>-15.167</u>            | <u>-15.166</u>           |
| <b>Profit/loss before financial income and expenses</b>  |      | <b>-14.280.973</b>        | <b>-7.426.763</b>        |
| Financial income   | 3    | 30.507                    | 14.400                   |
| Financial expenses   | 4    | <u>-88.814</u>            | <u>-74.198</u>           |
| <b>Profit/loss before tax</b>  |      | <b>-14.339.280</b>        | <b>-7.486.561</b>        |
| Tax on profit/loss for the year  | 5    | <u>3.194.821</u>          | <u>1.679.622</u>         |
| <b>Net profit/loss for the year</b>  |      | <b><u>-11.144.459</u></b> | <b><u>-5.806.939</u></b> |

## Distribution of profit

### Proposed distribution of profit

|                   |  |                           |                          |
|-------------------|--|---------------------------|--------------------------|
| Retained earnings |  | <u>-11.144.459</u>        | <u>-5.806.939</u>        |
|                   |  | <b><u>-11.144.459</u></b> | <b><u>-5.806.939</u></b> |

# Balance Sheet 30 June

## Assets

|   | Note | 2022<br>DKK      | 2021<br>DKK      |
|---|------|------------------|------------------|
| Other fixtures and fittings, tools and equipment  |      | 291.665          | 60.666           |
| <b>Property, plant and equipment</b>              | 6    | <b>291.665</b>   | <b>60.666</b>    |
| Investments in subsidiaries                       | 7    | 7.048            | 0                |
| Deposits  |      | 79.560           | 78.000           |
| <b>Fixed asset investments</b>                    |      | <b>86.608</b>    | <b>78.000</b>    |
| <b>Fixed assets</b>                               |      | <b>378.273</b>   | <b>138.666</b>   |
| Work in progress                                  |      | 656.958          | 430.352          |
| Finished goods and goods for resale               |      | 587.472          | 413.497          |
| Prepayments for goods                             |      | 2.009.286        | 0                |
| <b>Inventories</b>                                |      | <b>3.253.716</b> | <b>843.849</b>   |
| Trade receivables                                 |      | 478.727          | 569.254          |
| Receivables from group enterprises                |      | 9.955            | 2.163.438        |
| Other receivables                                 |      | 57.606           | 19.518           |
| Deferred tax asset                                |      | 614.867          | 0                |
| Corporation tax receivable from group enterprises |      | 2.575.289        | 1.679.153        |
| Prepayments                                       |      | 272.512          | 474.963          |
| <b>Receivables</b>                                |      | <b>4.008.956</b> | <b>4.906.326</b> |
| <b>Cash at bank and in hand</b>                   |      | <b>33.418</b>    | <b>783.319</b>   |
| <b>Currents assets</b>                            |      | <b>7.296.090</b> | <b>6.533.494</b> |
| <b>Assets</b>                                     |      | <b>7.674.363</b> | <b>6.672.160</b> |

# Balance Sheet 30 June

## Liabilities and equity

|  | <u>Note</u> | <u>2022</u><br>DKK      | <u>2021</u><br>DKK      |
|--|-------------|-------------------------|-------------------------|
| Share capital  |             | 400.000                 | 400.000                 |
| Retained earnings  |             | <u>1.039.034</u>        | <u>1.873.465</u>        |
| <b>Equity</b>  |             | <b><u>1.439.034</u></b> | <b><u>2.273.465</u></b> |
| Provision for deferred tax                                     |             | <u>0</u>                | <u>4.665</u>            |
| <b>Provisions</b>  |             | <b><u>0</u></b>         | <b><u>4.665</u></b>     |
| Credit institutions  |             | 17.529                  | 35.865                  |
| Trade payables   |             | 654.983                 | 385.956                 |
| Payables to group enterprises                                  |             | 4.594.052               | 2.787.811               |
| Other payables   |             | <u>968.765</u>          | <u>1.184.398</u>        |
| <b>Short-term debt</b>   |             | <b><u>6.235.329</u></b> | <b><u>4.394.030</u></b> |
| <b>Debt</b>  |             | <b><u>6.235.329</u></b> | <b><u>4.394.030</u></b> |
| <b>Liabilities and equity</b>                                  |             | <b><u>7.674.363</u></b> | <b><u>6.672.160</u></b> |
| Contingent assets, liabilities and other financial obligations | 8           |                         |                         |
| Accounting Policies  | 9           |                         |                         |

## Statement of Changes in Equity

|                              | <u>Share capital</u><br>DKK | <u>Retained<br/>earnings</u><br>DKK | <u>Total</u><br>DKK |
|------------------------------|-----------------------------|-------------------------------------|---------------------|
| Equity at 1 July             | 400.000                     | 1.873.465                           | 2.273.465           |
| Other equity movements       | 0                           | 10.310.028                          | 10.310.028          |
| Net profit/loss for the year | 0                           | -11.144.459                         | -11.144.459         |
| <b>Equity at 30 June</b>     | <b>400.000</b>              | <b>1.039.034</b>                    | <b>1.439.034</b>    |

# Notes to the Financial Statements

|   | 2021/22           | 2020/21           |
|---|-------------------|-------------------|
|   | DKK               | DKK               |
| <b>1 Staff expenses</b>   |                   |                   |
| Wages and salaries  | 7.005.381         | 5.228.190         |
| Pensions  | 540.144           | 433.710           |
| Other social security expenses  | 110.240           | 90.713            |
| Other staff expenses  | 767.155           | 382.005           |
|   | <b>8.422.920</b>  | <b>6.134.618</b>  |
| <b>Average number of employees</b>  | <b>13</b>         | <b>12</b>         |
| <b>2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment</b> |                   |                   |
| Depreciation of property, plant and equipment   | 15.167            | 15.166            |
|   | <b>15.167</b>     | <b>15.166</b>     |
| <b>3 Financial income</b>   |                   |                   |
| Interest received from group enterprises  | 0                 | 505               |
| Other financial income  | 30.507            | 13.895            |
|   | <b>30.507</b>     | <b>14.400</b>     |
| <b>4 Financial expenses</b>   |                   |                   |
| Interest paid to group enterprises  | 0                 | 58.270            |
| Other financial expenses  | 88.814            | 15.928            |
|   | <b>88.814</b>     | <b>74.198</b>     |
| <b>5 Tax on profit/loss for the year</b>  |                   |                   |
| Current tax for the year  | -2.575.289        | -1.679.153        |
| Deferred tax for the year   | -619.532          | -469              |
|   | <b>-3.194.821</b> | <b>-1.679.622</b> |

# Notes to the Financial Statements

## 6 Property, plant and equipment

|   | Other fixtures<br>and fittings,<br>tools and<br>equipment |
|---|---|
|   | DKK   |
| Cost at 1 July                                | 75.833  |
| Additions for the year                        | <u>246.165</u>  |
| Cost at 30 June                               | <u>321.998</u>  |
| Impairment losses and depreciation at 1 July  | 15.166  |
| Depreciation for the year                     | <u>15.167</u>   |
| Impairment losses and depreciation at 30 June | <u>30.333</u>   |
| <b>Carrying amount at 30 June</b>             | <b><u>291.665</u></b>                                     |

|                                      | 2022                | 2021            |
|--------------------------------------|---------------------|-----------------|
|                                      | DKK                 | DKK             |
| <b>7 Investments in subsidiaries</b> |                     |                 |
| Cost at 1 July                       | 0                   | 0               |
| Additions for the year               | <u>7.048</u>        | <u>0</u>        |
| Cost at 30 June                      | <u>7.048</u>        | <u>0</u>        |
| Value adjustments at 1 July          | <u>0</u>            | <u>0</u>        |
| Value adjustments at 30 June         | <u>0</u>            | <u>0</u>        |
| <b>Carrying amount at 30 June</b>    | <b><u>7.048</u></b> | <b><u>0</u></b> |

Investments in subsidiaries are specified as follows:

| Name               | Place of<br>registered office | Share capital | Votes and<br>ownership | Equity | Net profit/loss<br>for the year |
|--------------------|-------------------------------|---------------|------------------------|--------|---------------------------------|
| BIBAWO Medical INC | USA                           | USD 1.000     | 100%                   | 0      | 0                               |

## Notes to the Financial Statements

|  | <u>2022</u><br>DKK      | <u>2021</u><br>DKK      |
|--|-------------------------|-------------------------|
| <b>8 Contingent assets, liabilities and other financial obligations</b>  |                         |                         |
| <b>Rental and lease obligations</b>  |                         |                         |
| Lease obligations under operating leases. Total future lease payments:   |                         |                         |
| Within 1 year  | 357.720                 | 351.480                 |
| Between 1 and 5 years  | <u>695.700</u>          | <u>1.034.700</u>        |
|  | <b><u>1.053.420</u></b> | <b><u>1.386.180</u></b> |
| <b>Other contingent liabilities</b>  |                         |                         |
| A joint guarantee has been issued to DOC ApS's, DOC-BIBAWO A/S's and MediLink A/S's engagement with the bank. The engagement amounts to 30 June  | 2.689                   | 0                       |
| The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of DOC ApS, which is the management company of the joint taxation purposes. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability. |                         |                         |
| <b>Including to group enterprises</b>  |                         |                         |
| Contingent liabilities, including rental and lease obligations as well as other contingent liabilities   | <u>1.056.109</u>        | <u>1.386.180</u>        |



# Notes to the Financial Statements

## 9 Accounting Policies

The Annual Report of BIBAWO Medical A/S for 2021/22 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2021/22 are presented in DKK.

### Consolidated financial statements

With reference to section 110 of the Danish Financial Statements Act, no consolidated financial statements are prepared.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

# Notes to the Financial Statements

## 9 Accounting Policies (continued)

### Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

## Income Statement

### Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

### Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

# Notes to the Financial Statements

## 9 Accounting Policies (continued)

### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company.

### Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

### Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised exchange adjustments, as well as extra payments and repayment under the onaccount taxation scheme.

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with its parents companies and danish affiliated companies. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

## Balance Sheet

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

|  |   |       |
|--|---|-------|
| Other fixtures and fittings, tools and equipment | 5 | years |
|--|---|-------|

# Notes to the Financial Statements

## 9 Accounting Policies (continued)

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

### Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

### Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

### Other fixed asset investments

Other fixed asset investments consist of deposit.

### Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and

# Notes to the Financial Statements

## 9 Accounting Policies (continued)

with addition of indirect production costs.

### Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

### Prepayments

Prepayments comprise prepaid expenses concerning subsequent financial year.

### Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

### Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.