Brockhaus Capital Management AG Consolidated financial statements for the short fiscal year 2018

For the period from1 August 2018 to 31 December 2018

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Consolidated statement of comprehensive income

In € k	Notes	01.08.2018 - 31.12.2018	01.08.2017 - 31.07.2018 **
Revenue	6	1,098	-
Increase / decrease in finished goods and work in progress		(72)	-
Other own work capitalised		26	-
Total output		**1,052**	**-**
Other operating income	7	263	73
Cost of materials	8	(220)	-
Personnel expenses	9	(748)	(75)
Other operating expenses	10	(1,661)	(937)
Impairment on trade receivables	17	(14)	-
Depreciation and amortisation	11	(216)	(4)
Finance costs	12	(47)	-
Finance income		-	1
Financial result		(47)	1
Earnings before tax		**(1,577)**	**(943)**
Income tax	13	(59)	-
Profit or loss / total comprehensive income*		**(1,636)**	**(943)**

*The profit or loss and the total comprehensive income are fully attributable to shareholders of Brockhaus Capital Management AG.

** The previous year comparative figures relate exclusively to Brockhaus Capital Management AG, as there was no Group in the previous year. For this reason, comparability is limited.

Consolidated statement of financial position

In € k	Notes	31.12.2018	31.07.2018
Assets			
Property, plant and equipment	14	797	4
Intangible assets and goodwill	15	32,283	19
Non-current assets		**33,080**	**23**
Inventories	16	4,281	-
Trade receivables and other assets	17	1,377	109
Advance payments		76	-
Cash and cash equivalents	18	31,578	45,920
Current assets		**37,312**	**46,029**
Total assets		**70,392**	**46,052**
Equity and liabilities			
Subscribed capital	19	4,152	4,152
Capital increase not yet registered	20	3,000	-
Capital reserves	21	42,078	42,140
Accumulated losses		(2,636)	(1,000)
Equity		**46,594**	**45,292**
Non-current financial liabilities	22	15,948	-
Other provisions	24	42	-
Deferred tax liabilities	13	3,415	-
Non-current liabilities		**19,405**	**-**
Tax liabilities		235	-
Current financial liabilities	22	1,030	-
Trade payables and other liabilities	23	2,819	760
Contract liabilities	6	266	-
Other provisions	24	42	-
Current liabilities		**4,392**	**760**
Liabilities		**23,798**	**760**
Total assets		**70,392**	**46,052**

Consolidated statement of changes in equity

In € k	Notes	Subscribed capital	Capital increase not yet registered	Capital reserve	Accumulated loss	Equity
01.08.2017		**25**	**2,475**	**58**	**(58)**	**2,500**
Transactions with shareholders						
Registration of the capital increase		2,475	(2,475)	-	-	-
Transfer to free capital reserves		-	-	15	-	15
Proceeds from issuing shares		1,652	-	42,952	-	44,604
Costs of the capital increase		-	-	(885)	-	(885)
Profit or loss		-	-	-	(943)	(943)
31.07.2018		**4,152**	**-**	**42,140**	**(1,000)**	**45,292**
Transactions with shareholders						
Capital increase before registration	20	-	3,000*	-	-	3,000
Costs of the capital increase		-	-	(62)	-	(62)
Profit or loss / total comprehensive income		-	-	-	(1,636)	(1,636)
31.12.2018		**4,152**	**3,000**	**42,078**	**(2,636)**	**46,594**

* After entry of the capital increase in the Commercial Register, € 100,000 of the amount relates to subscribed capital and € 2,900,000 to capital reserves.

Consolidated statement of cash flows

In € k	Notes	01.08.2018 - 31.12.2018	01.08.2017 - 31.07.2018
Profit or loss		(1,636)	(943)
(Income taxes paid / income tax refunds	13	(318)	-
Income tax expense	13	59	-
Depreciation and amortisation	11	216	4
Financial result	12	47	(1)
(Increase) / decrease in inventories, trade receivables and other assets not attributable to investing or financing activities		495	(109)
Increase / (decrease) in trade payables and other liabilities not attributable to investing or financing activities		116	740
Increase /(decrease) in other provisions		1	-
Cash flow from operating activities		**(1,019)**	**(307)**
Acquisition of property, plant and equipment		(35)	(5)
Acquisition of intangible assets		-	(22)
Acquisition of subsidiaries, net of cash acquired	26	(25,999)	-
Cash flow from investing activities		**(26,033)**	**(27)**
Loans and other borrowed funds raised	22	12,740	-
Interest paid	22	(31)	-
Transfer to free capital reserves		-	15
Proceeds from the issue of shares		-	44,604
Costs of the capital increase		-	(885)
Cash flow from financing activities		**12,709**	**43,734**
Change in cash and cash equivalents		(14,343)	43,400
Cash and cash equivalents* at the beginning of the period		45,920	2,520
Cash and cash equivalents* at the end of the period	18	31,578	45,920

* (Note 18).

Notes to the consolidated financial statements

I General information, methods and principles

1. Company information

Brockhaus Capital Management AG (**BCM AG** or the **Company** or **Parent Company**, together with its subsidiaries the **Group**) has its registered office in Nextower, Thurn-und-Taxis-Platz 6, 60313 Frankfurt am Main, Germany and is registered in the Commercial Register of the Frankfurt am Main District Court under HRB 109637. The Company originated as a result of a conversion by means of a change in legal form of Eagle Fonds Verwaltungs- und Treuhand GmbH with its registered office in Frankfurt am Main (Frankfurt am Main District Court, HRB 78705) and registered in the Commercial Register on 19 September 2017.

The Company's purpose is the establishment of companies and the acquisition, the long-term holding, managing and supporting investments in companies, when appropriate the sale of such investments and providing services in connection with the above, such as support in sales, marketing, finance and general organisational and management activities and in acquiring financing. Furthermore, the purpose is exercising the business activity of a management holding of portfolio companies and providing services for the same (group services), granting loans to portfolio companies to the extent this does not require regulatory approval, and the development and implementation of new business concepts for portfolio companies and providing services and consulting for portfolio companies and third parties as well as providing services and consultancy services to companies, in particular the business alignment, business concept, capital resources, financing options and investments (management consultancy), to the extent this does not require regulatory approval. In the context of the business strategy, the Company's purpose is also to invest all liquid assets available to the Company which are not tied in portfolio companies, including in listed securities such as shares, profit participation certificates, other mezzanine instruments, debentures, funds, certificates or derivatives. In relation to its portfolio companies, the Company's purpose is long-term support and value increase.

The Group originated as a result of the acquisition of Palas Holding GmbH on 10 October 2018. The acquisition of Palas GmbH by Palas Holding GmbH took place on 6 December 2018. The period from 1 August 2018 to 31 December 2018 is the short fiscal year of the Parent Company.

2. Accounting policies

The consolidated financial statements are prepared for the first time and on a voluntary basis. The consolidated financial statements as at 31 December 2018 were prepared in accordance with the International Financial Reporting Standards (IFRS), as applicable in the European Union, and the supplementary provisions in accordance with Section 315e(3) in connection with (1) of the German Commercial Code (HGB). IFRS includes the International Accounting Standards (IAS) the applicable International Financial Reporting Standards (IFRS) and the interpretations of the Standing Interpretations Committee (SIC) and of the International Financial Reporting Interpretations Committee (IFRIC).

3. Basis of preparation

The financial statements are prepared on the basis of amortised cost. This excludes specific circumstances which are carried at revalued amount or fair value on the reporting date. A note to this effect can be found in the respective accounting policies.

Historical cost is generally based on the fair value of the consideration paid in exchange for the asset. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This applies irrespective of whether the price is directly observable or is estimated using a measurement method.

The consolidated financial statements comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes to the consolidated financial statements. The consolidated financial statements correspond to the classification requirements of IAS 1. In the interests of clarity, the items in the statement of comprehensive income and the statement of financial position are combined and further broken down and explained in the notes.

The accounting policies, as well as the explanations and further disclosures, are applied consistently.

This does not include the new accounting methods shown in Note 4.q).

The presentation in the statement of financial position distinguishes between current and non-current assets and liabilities. Assets and liabilities are classified as current when they are due or are settled within twelve months after the reporting period. The statement of comprehensive income is prepared to calculate the profit or loss and total comprehensive income.

In the statement of changes in equity in accordance with IAS 1.106 et seq. the development of each component in equity is shown within the reporting period and in the previous reporting period.

In the statement of cash flows in accordance with IAS 7 cash flows are recognised to show information on the movement of cash of the Company. Cash flows are broken down into those from operating activities, investing activities and financing activities. The total of the cash flows from the three sub-areas corresponds to the change of cash and cash equivalents.

The statement of cash flows is calculated using the indirect method for presenting cash flows from operating activities and using the direct method for the presentation of cash flows from investing and financing activities.

The fiscal year of the Company was changed so that there is a short fiscal year from 1 August 2018 to 31 December 2018 (reporting period). From 1 January 2019, the fiscal year of the Company corresponds to the calendar year.

The consolidated financial statements are in euro (€), the functional currency of the Company. The amounts are thus stated in euro (€), thousands of euro (€ k) or millions of euro (€ million) rounded in accordance with standard commercial practice. As this rounding method is based on individual figures, adding the individual figures does not always result in exactly the total shown. Negative figures are shown in parentheses.

4. Accounting policies

Accounting was prepared under the going concern assumption. In preparing the financial statements, assets and liabilities as well as income and expenses are not offset unless a regulation requires this or expressly allows it.

a) Consolidation policies

Business combinations

Consolidation of subsidiaries takes place using the acquisition method (IFRS 3). Cost of a business combination is allocated to the identifiable assets acquired and liabilities and contingent liabilities assumed in accordance with fair values at the acquisition date. If it is positive any remaining difference is recognised as goodwill. After a reassessment any negative difference is recognised in profit and loss. Transaction costs are immediately recognised as an expense, provided they are not related to the issue of debentures or equity instruments.

Each obligation for consideration is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and its subsequent settlement is accounted for within equity. Otherwise other contingent considerations are measured at fair value as at each acquisition date, with subsequent changes in fair value of the contingent considerations recognised in profit or loss.

Subsidiaries

The consolidated financial statements include Brockhaus Capital Management AG and all its controlled subsidiaries (majority interests). In accordance with IFRS 10, control exists when an investor has decision-making rights, is exposed to variable returns or he has rights relating to the returns and as a result of his decision-making rights has the ability to affect the returns. It is generally assumed that having a majority of the voting rights constitutes control. To support this assumption and if the Group does not have a majority of the voting rights or comparable rights, it takes into account all relevant issues and circumstances when assessing if it has control over this company. This is the case, for example, if there is a present ability to exercise the control on the basis of potential voting rights or other contractual arrangements. The financial statements of the subsidiaries are prepared using uniform accounting policies and for the same reporting period as the financial statements of the Parent Company.

As at 31 December 2018, on the basis of control the following group companies are included in the consolidated financial statements (IFRS 10):

- Palas Holding GmbH, Karlsruhe
- Palas GmbH, Karlsruhe

Subsidiaries are included in consolidation from their acquisition date, i.e. from the date when the Group gains control. Inclusion in the consolidated financial statements ends when the Parent Company no

longer has control. When the Group loses control of a subsidiary, it derecognises the assets and liabilities and all related non-controlling interests and equity components. Each occurring gain or loss is recognised at fair value.

Transactions eliminated at consolidation

All intragroup balances, transactions, income, expenses as well as gains and losses from intragroup transactions are eliminated in full.

b) Revenue from contracts with customers

The Group applied IFRS 15 for the first time as at 1 August 2018. Recognition of revenue takes place using a single, principle-based, five-step model that can be applied to all contracts with customers. Under this five-step model, Step 1 involves defining the contract with the customer. In Step 2, the separate performance obligations of the contract are to be identified. Following this (Step 3), the transaction price must be determined. There are explicit provisions in place regarding variable consideration, financing components, payments to customers and exchanges. After determining the transaction price, Step 4 is the allocation of the transaction price to the individual performance obligations. This is based on the standalone selling prices of the individual performance obligations. Finally, Step 5 is the recognition of revenue when (or as) the entity satisfies a performance obligation. This requires that control of the goods or service has passed to the customer.

In accordance with IFRS 15, when entering into a contract, it must be determined whether the revenue arising from the contract is to be recognised over time or at a point in time. On the basis of certain criteria it is first determined whether control of the performance obligation is transferred over time. If this is not the case, revenue is recognised at the point in time when control transfers to the customer. However, if control is transferred over a period of time, revenue may only be recognised over time to the extent that progress can be reliably determined using methods aligned to input or output.

Revenue recognition

Revenue is measured on the basis of the consideration agreed in a contract with a customer. The Group recognises revenue when control of a good or service is transferred to a customer. The table below provides information about the nature and timing of the fulfilment of performance obligations from contracts with customers and the related principles of revenue recognition.

Type of product / service	Nature and timing of the performance obligation, including significant payment terms	Revenue recognition in accordance with IFRS 15
Sale of standard measurement devices	Customers gain control over standard measurement devices when the products leave the company site (ex works) or are accepted by them there (transfer of rewards and risks). At this point, invoices are issued. Invoices are usually payable within 14 -30 days. Generally trade discounts and rebates are granted for standard measurement devices. The contracts do not grant the customer the right to return the acquired product. For customers not covered via the credit insurance, advance payments for part of the total purchase price are agreed. For orders with a total volume exceeding € 100,000 advanced payments totalling 70% are normal.	Revenue is recognised when the products leave the company site or are accepted there by the customer (transfer of control). Revenue is recognised taking account of trade discounts and rebates. Advance payments received are recognised in contract liabilities.
Production and sale of testing benches.	Palas manufactures testing benches for its customers. The testing benches are generally composed of various standard measuring devices. Generally advance payments are agreed. Production time depends on complexity. With standard testing benches the production time does not generally exceed six months. In rare individual cases, production time can be longer.	Standard testing benches: Revenue is recognised after delivery of the testing benches (transfer of control). Customer-specific testing benches: With customer-specific testing benches, revenue is recognised over a period of time in accordance with the cost-to-cost method. When incurred the related costs are recognised in profit or loss. Advance payments received are recognised in contract liabilities.
Repair of measurement devices	Palas provides repair services for measurement devices as required.	Revenue is realised at a point in time after the service is rendered.
Sale of software upgrades for testing benches (for additional evaluations)	Palas sells software for testing benches which enable extended evaluations. This software can either be acquired immediately with the testing bench or subsequently. This is standard software and not a customer-specific construction.	Revenue is realised with the transfer of the software to the customer.

The Group generates revenue with the sale of standard measuring devices and related system solutions (testing benches). Revenue from product sales is realised at the point in time the risks and rewards essentially related with ownership of the sold goods are transferred to the buyer, if is sufficiently probable that the economic benefits associated with the transaction will flow to the Group. The level of the revenue realised is based on the fair values of the consideration received or receivable, taking into account any trade discounts and volume rebates. The Group grants specific wholesalers (also called sales partners or distributors) rebates and trade discounts which are taken account of when realising revenue.

The contracts with customers do not provide for the right to return products within a set period. Goods may be returned on account of defects only within the regular warranty period.

Generally the Group receives short-term advances from its customers. As a practical expedient, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfers of a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

As required by law the Group generally grants a two-year warranty for the general repair of defects present at the point in time of the sale. These guarantees are accounted for in accordance with IAS 37 Provisions (Note 24).

c) *Employee benefits*

Short-term employee benefits

Obligations for short-term employee benefits are expensed as soon as the associated work is performed. A liability must be recognised for the amount to be paid if the Group currently has a legal or factual obligation to pay this amount on the basis of work done by an employee and the obligation can be reliably estimated.

Termination benefits

Termination benefits are recognised as an expense at the earlier of the following dates: when the Group no longer can withdraw the offer of such benefits or when the Group recognises costs for restructuring. If it not anticipated that the benefits are wholly settled within twelve months after the reporting period, they are discounted

Share-based payment arrangements

For share-based payment arrangements settled in cash the Group recognises a liability for the services received from the employees. The Group measures the fair value of the liability as at the end of each reporting period and on the settlement date. Changes in fair value are recognised in employee benefits expense. The liability is recognised over the vesting period.

d) *Finance income and costs*

Interest income and expenses are recognised in profit or loss using the effective interest method. The effective interest rate is a rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. In calculating interest income and interest expenses, the effective interest rate is applied to the gross carrying amount of the financial asset (if this is not credit-impaired) or to the amortised cost of the financial liability. On the other hand, for financial assets which are credit-impaired after initial recognition, interest income is calculated by applying the effective interest rate on the amortised cost of the financial asset. If the asset is no longer credit-impaired, the calculation of interest income is again made on a gross basis.

e) *Government grants*

Government grants are recognised if there is sufficient certainty that the grants will be provided and that the company satisfies the associated conditions. Grants relating to expenses are recognised as income on a systematic basis over the period necessary to match them with the costs they are intended to compensate. Grants for an assets reduce the carrying amount of the asset. Government grants were granted for research and development projects. The conditions attached to these grants were completely fulfilled. There are no other uncertainties.

f) *Current and deferred tax*

Tax expense of a period is made up of current and deferred taxes. Taxes are recognised in profit or loss unless they relate to transactions that are recognised in other comprehensive income or recognised directly in equity. In these cases, the taxes are reported accordingly in other comprehensive income or directly in equity.

Current taxes are measured at the amount expected to be refunded by the tax authority/paid to the tax authority. The calculation of this amount is based on the tax rates and tax laws in effect as at the end of the reporting period.

Using the liability method for temporary differences as at the end of the reporting period deferred taxes are recognised between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax liabilities are recognised for all taxable temporary differences with the exception of

> deferred tax liabilities from the initial recognition of goodwill or an asset or liability from a transaction which does not constitute a business combination and, as at the transaction date, influences neither the profit or loss in accordance with IFRS, nor the taxable profit, and the

> deferred tax liabilities for taxable temporary differences in connection with investments in subsidiaries, associates or interests in joint ventures if the timing of the reversal of the temporary difference can be controlled and it is likely that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax loss carry forwards and unused tax credits to the extent that it is likely that future taxable income will be generated against which these deductible temporary differences and the unutilised tax loss and interest carry forwards and unused tax credits can be offset, with the exception of

> deferred tax assets from deductible temporary differences due to the initial recognition of an asset or liability from a transaction that does not constitute a business combination and, as at the transaction date, influences neither the profit or

loss in accordance with IFRS nor the taxable profit.

> deferred tax assets for all taxable temporary differences in connection with investments in subsidiaries, associated companies and interests in joint ventures if it is probable that the temporary differences will not be reversed in the foreseeable future and that no sufficient taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is assessed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which the deferred tax asset can be at least partially utilised. Unrecognised deferred tax assets are assessed at the end of each reporting period and recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. This is based on the tax rates (and tax laws) applicable at the end of the reporting period. The combined tax rate is 31%. Deferred tax assets and liabilities are offset if the company has a legally enforceable right to offset current tax assets against current tax liabilities and these relate to the same taxable entity and income taxes levied by the same taxation authority.

g) Property, plant and equipment

Property, plant and equipment is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment is derecognised either on disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses arising from the disposal of the asset are recognised in profit or loss.

The residual values, useful lives and methods of depreciation are reviewed at least at the end of every fiscal year and adjusted if necessary. Assets in property, plant and equipment are depreciated on a straight-line basis over their expected useful lives.

The useful lives applied are shown in the following overview.

> Leasehold improvements: 10 years
> Office equipment: 10 to 13 years
> Other equipment, operating and office equipment: 3 to 10 years
> Technical equipment and machinery: 3 to 10 years

For property, plant and equipment acquired in the context of business combinations the remaining useful life to be applied is determined primarily on the basis of the above useful lives and the useful lives already elapsed as at the acquisition date.

Impairment testing and recognising impairment losses and reversals of impairment losses is done on the basis of the procedure for intangible assets with finite useful lives (refer to h) intangible assets and goodwill).

h) Intangible assets and goodwill

Goodwill originating in the context of business combinations is measured at cost minus cumulative impairment losses.

Expenses for research activities are recognised in profit or loss as they occur.

Development expenses are capitalised only if the development costs can be measured reliably, the product or the process is technically and economically feasible, a future economic benefit is probable and the Group intends and has sufficient resources to conclude the development and to use or sell the asset. Capitalised development expenses are measured at cost less any cumulative amortisation and cumulative impairment losses.

Other intangible assets acquired by the Group and which have a limited useful life are carried at cost less any cumulative amortisation and cumulative impairment losses.

Subsequent expenditure is capitalised only if it increases the future economic benefit of the asset to which it relates. All other expenditure, including expenses for internally generated goodwill and internally created brand names is recognised in profit or loss when it is incurred.

Goodwill is tested for impairment on an annual basis, other intangible assets with limited useful life and property, plant and equipment only if there are concrete indications of impairment. An impairment loss is recognised in the statement of comprehensive income in the “Cumulative depreciation/amortisation and impairment losses” item when the recoverable amount of the asset falls below the carrying amount. Recoverable amount is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those

from other assets or groups of assets. The recoverable amount is the higher of the net realisable value and its value in use. Net realisable value is the amount that could be obtained from the sale of an asset in an arm's length transaction less the costs of disposal. The value in use is determined on the basis of the estimated future cash flows from its use and the disposal of an asset using the discounted cash flow method. Cash flows are derived from the long-term company planning which takes into account historical developments and macroeconomic trends. The value in use of the relevant cash-generating unit is used to calculate the recoverable amount of the goodwill.

Amortisation
Intangible assets are amortised over their estimated useful life on a straight line basis. Amortisation is recognised in profit and loss. Goodwill is not amortised. The estimated useful lives are:

> Patents and brands: 10 years
> Capitalised development costs: 5 years
> Software: 3 years
> Licenses and other rights: 3 to 10 years
> Customer relationships: 10 years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted as necessary.

i) Inventories

The inventories of raw materials, consumables and supplies are recognised at the lower of the average purchase price and realisable values. Raw materials, consumables and supplies held are not written down below cost if the finished products in which they are incorporated are expected to be sold at least cost. Finished goods and work in progress are recognised at the lower of cost and net realisable value on the basis of individual costing, based on current management accounts. Costs include directly attributable material and manufacturing costs as well as appropriate portions of material and manufacturing overheads plus manufacturing-related depreciation and manufacturing-related administrative costs. General and administrative expenses and borrowing costs were not capitalised.

j) Financial instruments

Until 31 December 2017, the company classified the non-derivative financial assets in accordance with IAS 39 into the following categories:

> Financial assets measured at fair value through profit or loss (none at the reporting date)
> Held-to-maturity equity instruments (none at the reporting date)
> Loans and receivables
> Available-for-sale financial assets (none at the reporting date)

In the previous year, all financial instruments in the company were cash and cash equivalents and non-current liabilities.

The company classifies non-derivative financial liabilities as financial liabilities recognised at fair value through profit or loss, or as other financial liabilities.

The company recognised loans and receivables from the point in time they were incurred. All other financial assets and liabilities were initially recognised on the trading day when the company became contractual partner in accordance with the contractual regulations of the instrument.

The company derecognised a financial asset when the contractual rights relating to the cash flow from an asset expire or it transferred the rights to receive the cash flows in a transaction in which all material risks and rewards connected with the ownership of the financial asset were transferred. Derecognition also took place if the company neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset and did not retain control of the financial asset. Each share in such transferred financial assets, which arose or remained in the company, was recognised as a separate asset or liability.

Financial liabilities were derecognised when the contractual obligations were met or cancelled, or when they expired.

Financial assets and financial liabilities were offset and the net amount were reported in the statement of financial position if the company had a currently enforceable legal right to offset the recognised amounts and there was an intention either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Loan and receivables were measured at fair value on initial recognition, plus directly attributable transaction costs. In subsequent periods they were measured at amortised cost using the effective interest method.

A financial asset not classified at fair value though profit and loss was assessed at each reporting date to determine if there was any objective evidence that impairment had occurred.

The company took account of evidence of impairment for financial assets measured at amortised cost at the level of both the individual asset and at collective level. All assets which were individually significant were assessed for specific impairment. Those which specifically proved not to be impaired were subsequently assessed collectively for any impairment which occurred but had not yet been identified. Assets which were not individually significant were assessed for impairment on a collective basis by combining assets with similar risk characteristics in a group.

In the assessment of collective impairment, the company uses historical information on the timing of payments and the level of losses incurred, adjusted by an Executive Board judgement whether the current general economic conditions and the credit conditions are of a nature that the actual losses are larger or lower than the losses which are to be expected on the basis of historical trends.

An impairment is calculated as the difference between the carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate of the asset. Losses are recognised in profit and loss. If the company had no realistic prospect to recover the assets, the amounts are written off. If an event occurs after the recognition of the impairment which results in a reduction in the level of the impairment, the impairment reduction is recognised in profit or loss.

A financial liability was recognised at fair value through profit or loss, if it is held for trading or classified as such at initial recognition. Directly attributable transaction costs were recognised in profit or loss as they occurred. Financial liabilities measured at fair value through profit or loss were measured at fair value and relevant changes which also impact all interest expects are recognised in profit or loss.

Other non-derivative financial liabilities were initially recognised at fair value less any directly attributable transaction costs. In subsequent periods these liabilities were measured at amortised cost using the effective interest method.

Other current liabilities are to be accounted for in accordance with IAS 39. On initial recognition, they were carried at fair value.

Since the application of IFRS 9 from 1 January 2018, classification takes place at initial recognition and the subsequent measurement of the financial asset depending on the business model of the company to manage its financial instruments and from the contractual cash flow characteristics of the financial instruments.

The Group’s business model to manage its financial instruments reflects how the company manages its financial assets to generate cash flows. Depending on the business model, cash flows arise from collecting contractual cash flows (“Hold” business model), the sale of financial assets (“Sell” business model) or both (“Hold and Sell” business model).

To ensure that a financial asset can be classified and measured as measured at amortised cost or fair value through other comprehensive income, cash flows must consist solely of payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at the level of the individual financial instrument.

Initial recognition and measurement

Financial instruments are contracts that give rise to both a financial asset at one entity and a financial liability or equity instrument at another entity. If the trade date and the settlement date differ for financial assets, the settlement date is decisive for initial recognition. A financial instrument is initially recognised at fair value, including transaction costs.

As at the reporting date, the Group only had primary financial assets and financial liabilities in the “amortised cost” category to be classified to the “Hold” business model. The Group has neither derivative financial instruments nor hedging relationships.

Subsequent measurement

Financial instruments at amortised cost are non-derivative financial instruments, which generate cash flows solely from payments of principal and interest (cash flow characteristics test) and which are held to collect the contractual cash flows (business model test). The Group’s financial instruments at amortised cost relate to trade accounts receivable and payable, other financial assets and financial liabilities, cash and cash equivalents as well as bank and other loans. Subsequent to their initial recognition, such financial instruments are measured at amortised cost using the effective interest method less impairment. Amortised cost is calculated by taking into account any discount or premium at acquisition and fees or transaction costs that are an integral part of the effective interest rate. For current financial assets and financial liabilities, the carrying amount is a reasonable approximation of the fair value.

Impairment loss
Impairment for financial assets measured at amortised cost is recognised on the basis of the expected credit loss. The ECLs are based on the difference between the contractually due cash flows and all cash flows which the Group expects to receive discounted at an approximation of the original effective interest rate. The forecast cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. A three-stage mode is used to allocate credit losses:

Stage 1: Expected credit losses for the next twelve months

Stage 1 includes all contracts with a material significant increase in credit risk since initial recognition. This generally includes new contracts and those whose payment are past due by less than 31 days. The expected credit losses which result from a default within the next twelve months are recognised.

Stage 2: Lifetime expected credit losses – not credit-impaired

A financial asset that has undergone a significant increase in credit risk but that is not credit-impaired is assigned to Stage 2. For trade receivables the simplified approach is used, where these receivables are allocated to Level 2 at initial recognition The estimate if a financial asset has experienced a substantial increase of the credit risk is based on an assessment of the default probabilities which is to be implemented at least once a quarter, which takes account not only of external rating information but also internal information on the credit quality of the financial asset. The expected lifetime credit losses of the financial asset are recognised as an impairment loss.

Stage 3: Lifetime expected credit losses – credit-impaired

If a financial asset is negatively impacted in terms of its rating or has defaulted, it is assigned to Level 3. The expected lifetime credit losses of the financial asset are recognised as an impairment loss. Objective evidence that a financial asset is credit-impaired or in default includes being past due by more than 90 days or other information on material financial difficulties of the debtor which indicate that the Group is not able to receive the outstanding contractual cash flows in full, with account being taken of every credit enhancement. A financial asset is written down when there is no realistic expectation that the contractual cash flows will be collected. In Level 1 and 2 the effective interest income is determined on the basis of the gross carrying amount. As soon as the rating of a financial asset is impaired and assigned to Level 3, the effective interest income is calculated on the basis of the net carrying amount (carrying amount less risk provisioning). Expected credit losses are calculated on the basis of global default probabilities. Impairment losses are recognised in the income statement under other operating expenses. Refer to Note IV b) for information on the Group's credit risk.

Derecognition of financial assets
The Group derecognises financial assets when the contractual rights to receive the cash flows from the asset expire or when the contractual right to receive the cash flows is transferred and as a result substantially all the risks and rewards of ownership of the financial assets are transferred.

k) Subscribed capital

Ordinary shares
Costs directly attributable to the issue of shares are deducted from equity. Income taxes in respect to transaction costs in an equity transaction are recognised in accordance with IAS 12.

Share loan
Own shares held by the company on the basis on an unremunerated share loan are not accounted for as treasury shares as the company has no rights from these shares. The retransfer for the shares held on loan is to take place by the end of 2020, with the Company obtaining no income / expenses or other economic benefits / disadvantages.

l) Provisions

The level of provisions is determined by discounted expected future cash flows with the interest rate before taxes that reflects current market expectations in respect to the interest effect and the specific risks of the liability. Unwinding is shown as finance cost.

Warranties
A provision for warranties is recognised as soon as the relevant products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes by their associated probabilities.

m) Leases

Determining whether an arrangement is a lease is based on the substance of the arrangement at the time it is concluded and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the asset.

In the case of financial leases, in which basically all opportunities and risks associated with ownership of the lease asset are transferred to the Group, the lease asset is capitalised at the beginning of the lease term. The lease asset is recognised at the lower of fair value or the present value of the minimum lease payments. Lease payments are split into financial expenses and the repayment portion of the residual debt so as to produce a constant rate of interest on the remaining balance of the lease debt. Financial expenses are recognised in profit and loss. If there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the capitalised lease assets are fully depreciated over the shorter of the two periods, expected useful life and the term of the lease agreement.

Lease payments under operating leases (buildings, vehicle leases and other fittings and equipment) are recognised as an expense in the income statement on a straight-line basis over the lease term.

n) *Fair value measurement*

Assets and liabilities are measured at fair value, either at initial recognition or also on subsequent measurement.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In measuring fair value it is assumed that the transaction in which the asset is sold or the liability is transferred takes place either:

- on the principal market for the asset or liability, or
- the most advantageous market if there is no principal market.

The Group must have access to the principal or the most advantageous market. The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability. It is assumed that the market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group applies measurement methods that are appropriate in the circumstances and for which there are sufficient data to measure fair value. In doing so, the use of relevant, observable input factors is maximised and that of non-observable input factors is minimised.

All assets and liabilities for which the fair value has been calculated or reported in the financial statements are assigned to the following levels of the fair value hierarchy based on the lowest input factor that is material overall for measurement:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Valuation technique where the input factors of the lowest level material for the measurement of the fair value is directly or indirectly observable on the market.
- Level 3: Valuation technique where the input factors of the lowest level material for the measurement of the fair value is not observable on the market.

For assets and liabilities which are recognised on a recurring basis in the financial statements, the Group determines whether reclassifications between the hierarchy levels has taken place. This is done at the end of each reporting period by examining the classification (based on the input parameters of the lowest stage material overall for the measurement of the fair value).

In order to meet the requirements stipulated for notes to the financial statements, the Group has determined groups of assets and liabilities on the basis of type, characteristics, risks and levels in the above fair value hierarchy.

o) *Other financial obligations*

Other financial obligations are not recognised in the statement of financial position. They arise to the extent that the Group has a legal or factual external obligation as at the reporting date. The measurement takes place at fair value on initial recognition. Existing obligations under tenancy and leasing agreements are recognised off the balance sheet as continuing obligations. Contingent liabilities are measured at settlement amount.

p) *Summary of measurement principles*

The Group's measurement principles – to the extent there is no impairment – are described in summarised and simplified form below:

Statement of financial position item	Measurement
Assets	
Intangible assets	
with definite useful life	Amortised cost
with indefinite useful life	Impairment only approach
Property, plant and equipment	Amortised cost
Trade receivables	Amortised cost
Inventories	Lower of cost and net realisable value
Cash and cash equivalents	Amortised cost
Prepaid expenses	Amortised cost
Other financial assets	Amortised cost
Other non-financial assets	Amortised cost
Deferred tax assets	Non-discounted measurement at the tax rates that apply in the period when the asset is realised or the liability is settled.

Statement of financial position item	Measurement
Liabilities	
Liabilities to banks	Amortised cost
Deferred tax liabilities	Non-discounted measurement at the tax rates that apply in the period when the asset is realised or the liability is settled.
Income tax liabilities	Expected payment to tax authorities based on the tax rates applying on the reporting date or soon to apply
Trade payables	Amortised cost
Deferred income	Amortised cost
Other provisions	Expected discounted amount which will result to the outflow of resources
Other financial liabilities	Amortised cost

q) New and amended standards

Effects of new accounting standards

In the current short fiscal year, the Group applied the following reporting standards for the first time. However, they had no material impact on the earnings, asset and financial position. The overviews below show all standards relevant for the Group:

New or amended standards and interpretations - as applicable in the EU

Standard	Name	Mandatory application
IFRS 9	Financial Instruments	01.01.2018
IFRS 15	Revenue from Contracts with Customers	01.01.2018
IFRS 2	Amendments – Classification and Measurement of Share-based Payment Transactions	01.01.2018
	Annual Improvement to IFRS Standards 2014-2016 Cycle	01.01.2018

As a result of the first-time application of IFRS 9, there are no significant effects on the impairment losses of financial assets and on the change of the carrying amounts of financial assets and financial liabilities.

The first-time adoption of IFRS as at 1 January 2018 has no material impact on the Group.

Accounting standards and interpretations issued but not yet mandatory

The IASB and IFRS Interpretations Committee have issued the following standards, amendments to existing standards and interpretations that are not yet effective or whose IRFS adoption have not yet been endorsed by the European Union. The following IFRS and interpretations relevant for the Group have not yet been applied.

Standards and interpretations adopted from the EU that are not yet mandatory

Standard	Name	Mandatory application	Impact on BCM
IFRS 16	Leases	01.01.2019	See information below
IFRIC 23	Uncertainty over Income Tax Treatments	01.01.2019	No material impact expected
	Annual Improvements to IFRS Standards 2015-2017 Cycle	01.01.2019	No material impact expected

The following deals only with future changes of accounting whose impact on the earnings, asset and financial position of the Group – as far as is foreseeable – could be material.

In January 2016, the IASB published IFRS 16 (Leases), the new standard on accounting for leases, which is to replace IAS 17 (Leases) and the relevant interpretations. The new standard is effective for fiscal years beginning on or after 1 January 2019. It introduce a uniform accounting model for lessees in which assets for rights of use granted and corresponding leasing liabilities are to be recognised. In the future, for lessees there will no longer be any differentiation between operating leases for which assets and liabilities are currently not recognised and finance leases. However, IFRS 16 includes options for utilising exemptions for the recognition of short-term leases and low-value lease assets.

The Group will apply IFRS 16 for the first time for the fiscal year starting 1 January 2019, using the modified retrospective transition method. In this connection for leases in which a group company is a lessee various elections and convenience options can be used at the transition date. At initial application no reassessment is made whether the contract is or contains a lease. For contracts previously classified as operating leases, at the time of initial application the Group recognises the leasing liability at the present value of the outstanding lease payments, discounted using the respective incremental borrowing rate as at the date of initial application. From initial application, the right of use for the lease asset is measured at the amount of the lease liability. Initial direct costs are not included in the measurement of the right of use of the leased asset at the time of initial recognition. In exercising judgements the state of knowledge as at the time of initial application is applied.

The Group elects to exclude intangible assets from scope of IFRS 16 and treats individual leases which end in 2019 in line with the exemption provisions for short-term leases. This regulation is also applied for short-term leases after 31 December 2018.

In the context of the initial application of IFRS 16 as at 1 January 2019, additional leasing liabilities and relevant right-of-use assets at an anticipated level of approximately € 653,000 are recognised. As a result of the material increase in leasing liabilities, there

will be a corresponding increase in net finance liabilities. Right-of-use assets in leasing objects (primarily buildings) will increase in line with leasing liabilities – taking account of adjustments from the initial application of IFRS 16. There were no initial application effects on equity.

In respect to the statement of comprehensive income, in the place of expenses for operating expenses previously recognised in other operating expenses in accordance with IFRS 16, depreciation of the rights in use and interest expenses for leasing liabilities are recognised. There is a similar effect in the statement of cash flows, where the application of IFRS 16 tends to result in an improvement of operating cash flow due to lower payments in operations, while the repayment portion of leasing payments and interest expense are recognised as elements of cash flow from financing activities.

5. Significant judgements, estimates and assumptions

In applying the accounting methods, some judgements are made that significantly influence the amounts in the financial statements. In addition, when preparing the financial statements assumptions and estimates about the future are to be made which can impact the carrying amounts of statement of financial position items and the level of income and expenses. The actual amounts may differ from these estimates. The most important assumptions about the future and other sources of estimate uncertainty, as a result of which material adjustments may become necessary, are elucidated below.

a) Judgements

Development costs

Development costs are capitalised in line with the accounting policies presented. The first-time recognition of costs is based on the group assessment that technical feasibility and commercial viability have been demonstrated. For example, an assessment is made on technical feasibility on the basis of prototype development of feasibility studies. Commercial viability is assessed on the basis of project planning which takes account of the necessary material and staff costs and their financing.

b) Estimates and assumptions

Key future assumptions and other key sources of estimation uncertainty as at the end of the reporting period that entail a considerable risk in the form of a need to make a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are described below.

Deferred taxes

In the Group deferred taxes are currently not recognised on unused tax loss carry forwards. No deferred tax is recognised for these circumstances as future positive taxable income was not sufficiently concrete at the time the financial statements were prepared. This assumption is reviewed by the management at each reporting date.

Accounting for business combinations

Business combinations are accounted for using the acquisition method. Goodwill from a business combination is initially measured at cost, calculated as the surplus of the business combination costs over the fair value of the acquired identified assets, liabilities and contingent liabilities. Costs incurred in the context of the business combination are recognised as an expense and posted in other operating expenses.

Determining the respective fair values of acquired assets and liabilities as at the acquisition date is subject to material estimate uncertainties. In identifying intangible assets depending on the type of intangible asset and the complexity of determining the fair value either assessments of external experts are used or the fair value is determined internally using an appropriate measurement technique whose basis is generally the forecast of the total estimated future cash flows. These assessments are closely related to assumptions and estimates made by the management on the future development of the relevant assets and the discount rate to be applied.

In connection with the acquisition of Palas GmbH, the Group entered into a purchase commitment with the existing owners. To show this commitment, the Group uses the anticipated acquisition method which shows the company acquisition in such a way as if this call option had already been exercised. This means that the shares on which the call option is based are already considered acquired as at the acquisition date with the result that there are no non-controlling shares (Note 26).

Provisions

A provision is recognised if the Group has a legal or factual obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and it is possible to reliably estimate the amount of the obligation (Note4.l) and Note 24). Such estimates are subject to material uncertainty.

II Notes on the statement of comprehensive income

The statement of comprehensive income was prepared in accordance with the nature of expense method.

6. Revenue

a) Classification of revenue from contracts with customers

The Group generates revenue primarily from the sale of measuring devices and testing benches in the area of aerosol technology. Further sources of income are revenue from repair work.

The following table shows the breakdown of revenue from contracts with customers (IFRS 15) according to the most important product and services areas, key geographical markets and time of revenue recognition.

In € k	Particulate matter	Aerosols	Testing benches	Total
External customers				
Products sold	455	554	323	1,332
Services provided	13	8	-	13
External gross revenue	**468**	**562**	**323**	**1,353**
Revenue deductions	(101)	(115)	(66)	(282)
Revenue from contracts with customers	**367**	**447**	**257**	**1,071**
Date of revenue recognition				
Products transferred at a point in time	354	439	257	1,050
Products and services transferred over time	13	8	-	47
Revenue from contracts with customers	**367**	**447**	**257**	**1,071**
Key geographical markets				
Germany	86	237	186	509
Rest of Europe	165	78	-	242
Other countries	117	133	71	321
Revenue from contracts with customers	**367**	**447**	**257**	**1,071**

b) Income from short-term leasing of devices

The Group generates income from the short-term leasing of devices in accordance with IAS 17.

In € k	01.08.2018 - 31.12.2018	01.08.2017 - 31.07.2018
Income from short-term leasing of devices	26	-

c) Contract balances

The following table provides information on receivables and contract liabilities from contracts with customers:

In € k	31.12.2018	31.07.2018
Trade receivables	1,196	-
Contract liabilities	(266)	-

Contract liabilities contain advance payments from customers. Advance payments are of a short-term nature. € 213,000 relates to testing benches and € 52,000 to other measuring devices.

In the context of the acquisition of Palas GmbH, contract liabilities of € 163,000 were acquired. Of this amount, € 110,000 was recognised as revenue in the reporting period.

7. Other operating income

Other operating income breaks down as follows:

In € k	01.08.2018 - 31.12.2018	01.08.2017 - 31.07.2018
Reimbursement claims from due diligence costs	247	73
Investment subsidies IAS 20	11	-
Miscellaneous other operating income	6	0
Other operating income	**263**	**73**

8. Cost of materials

Cost of materials breaks down as follows:

In € k	01.08.2018 - 31.12.2018	01.08.2017 - 31.07.2018
Cost of raw materials, consumables and supplies, and of goods purchased and held for resale	208	0
Cost of purchased services	12	0
Cost of materials	**220**	**0**

9. Personnel expenses

Staff costs break down as follows:

In € k	01.08.2018 - 31.12.2018	01.08.2017 - 31.07.2018
Wages and salaries	690	63
Social security and post-employment expenses	59	13
Personnel expenses	**748**	**75**

10. Other operating expenses

Other operating expenses break down as follows:

In € k	01.08.2018 - 31.12.2018	01.08.2017 - 31.07.2018
Costs from the acquisition of subsidiaries	471	-
Due diligence costs	441	191
Legal and consulting expenses	81	121
Preparation and audit of financial statements	199	127
Supervisory Board compensation	83	120
Costs of premises	70	41
Advertising costs and travel expenses	65	156
Insurance and contributions	24	44
IT costs	19	28
Staff recruitment	-	83
Other costs	208	28
Other operating expenses	**1,661**	**937**

Costs from the acquisition of subsidiaries result primarily from legal services and due diligence for the purchase of Palas GmbH. Please see Note 26 for further information. On the other hand, the due diligence costs relate to the detailed examination of potential company acquisitions, which were either discontinued in the reporting period or were still be processed as at the reporting date.

The financial statement costs relate primarily to the creating and audit of the purchase price allocation and the accounting recognition of the company acquisition and the introduction of accounting in accordance with IFRS related to the Palas companies.

11. Depreciation and amortisation

Depreciation and amortisation of € 216,000 relates to property, plant and equipment, amortisation of intangible assets and impairment.

Amortisation also includes amortisation on assets capitalised in the context of business combinations. It breaks down to the capitalised assets as follows:

In € k	
Brands	14
Order backlog	75
Basis technology	58
Customer relationships	40
Total	**188**

12. Financial result

Financial costs include interest expense from financial liabilities measured at amortised cost of € 47,000.

13. Income taxes

Income taxes recognised in the profit or loss broke down as follows:

In € k	01.08.2018 - 31.12.2018	01.08.2017 - 31.07.2018
Current tax expense		
Current year	118	-
Deferred tax income		
Reversal of temporary differences	(59)	-
Total	**59**	**-**

Deferred taxes result entirely from temporary differences.

a) Change in deferred taxes

Deferred tax liabilities at the level of individual statement of financial position items are shown in the following overview:

				31.12.2018	
In € k	01.08.2018	Acquired as a result of business combinations	Recognised in profit or loss	Net	Deferred tax liabilities
Other intangible assets	-	3,473	(59)	3,415	3,415

b) Reconciliation of the effective tax rate

Differences between the theoretical income tax expense anticipated on the basis of the calculated tax rate and current income tax expense is shown in the table below. The tax rate used on based on the German income tax rate. In the previous year there were no facts relating to income tax, which is why there is no presentation here.

The German tax rate is composed of corporation tax of 15%, plus the solidarity surcharge of 5.5% and a trade tax of approximately 15.1%. The trade tax rate is based on the trade tax assessment rate of 430%.

In € k		01.08.2018 - 31.12.2018
Profit before income taxes		**(1,577)**
Taxes on the basis of the company's German tax rate	**31%**	**487**
Non-deductible operating expenses	(2%)	(26)
Tax-free income	1%	11
Losses of the current year for which no deferred tax assets were recognised	(34%)	(531)
Income taxes	**(4%)**	**(59)**

c) Unrecognised deferred tax assets

As at the reporting date, the group companies have tax loss carry forwards of € 3,177,000 which would result in a tax effect of € 1,009,000.

No deferred tax assets were recognised for tax loss carry forwards as future taxable income at the level of the relevant company was not sufficiently specific at the time the financial statements were being prepared.

III Notes on the statement of financial position

14. Property, plant and equipment

Property, plant and equipment is composed as follows:

In € k	Technical equipment and machinery	Operating and office equipment	Total
Cost			
01.08.2017	**-**	**-**	**-**
Additions	-	5	5
Disposals	-	-	-
31.07.2018	**-**	**5**	**5**
Acquisitions through business combinations	514	264	778
Additions	26	8	35
Disposals	-	(0)	(0)
31.12.2018	**541**	**277**	**818**
Cumulative depreciation/amortisation and impairment losses			
01.08.2017	**-**	**-**	**-**
Depreciation and amortisation	-	1	1
Disposals	-	-	-
31.07.2018	**-**	**1**	**1**
Depreciation and amortisation	13	7	19
Disposals	-	-	-
31.12.2018	**13**	**8**	**20**
Carrying amounts			
01.08.2017	-	-	-
31.07.2018	-	4	4
31.12.2018	**528**	**269**	**797**

In the short fiscal year 2018, there were no indications for impairment on property, plant and equipment in accordance with IAS 36.

Within the Group there are still no restrictions on disposal and property, plant and equipment pledged as security for liabilities.

15. Intangible assets and goodwill

In the reporting period, intangible assets developed as follows:

		Other intangible assets						
In € k	Goodwill	IT licenses, software	Development expenses	Website	Brands	Basis technology	Customer relationships	Total
Cost								
01.08.2017	**-**	**-**	**-**	**22**	**-**	**-**	**-**	**22**
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
31.07.2018	**-**	**-**	**-**	**22**	**-**	**-**	**-**	**22**
Additions from business combinations	22,001	36	351	-	1,700	3,500	4,800	32,388
Disposals	-	(3)	-	-	-	-	-	(3)
31.12.2018	**22,001**	**33**	**351**	**22**	**1,700**	**3,500**	**4,800**	**32,407**
Depreciation and amortisation								
01.08.2017	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation and amortisation	-	-	-	3	-	-	-	3
Disposals	-	-	-	-	-	-	-	-
31.07.2018	**-**	**-**	**-**	**3**	**-**	**-**	**-**	**3**
Depreciation and amortisation	-	2	4	3	14	58	40	121
Disposals	-	-	-	-	-	-	-	-
31.12.2018	**-**	**2**	**4**	**6**	**14**	**58**	**40**	**124**
Carrying amounts								
01.08.2017	-	-	-	-	-	-	-	-
31.07.2018	-	-	-	19	-	-	-	19
31.12.2018	**22,001**	**31**	**347**	**16**	**1,686**	**3,442**	**4,760**	**32,283**

In the reporting period, the purchase price allocation for the share acquisition of Palas GmbH was carried out. Please see Note 26 for further information. This resulted in the identification and initial recognition of intangible assets of € 10,000,000 which were capitalised in the Group's statement of financial position. The amount included primarily customer relationships (€ 4,800,000), brand names (€ 1,700,000) and basis technologies (€ 3,500,000). The identified intangible assets are allocated to the "Palas GmbH" cash-generating unit. At acquisition the identified intangible assets are measured at fair value. The fair value of brand names and basis technologies was calculated on the basis of the income approach using the relief-from-royalty method. The fair value of customer relationships was calculated on the basis of the income approach using the multi-period-excess-earning method. The useful lives of other written down intangible assets by class area break down as follows:

> IT, software, licenses, web site: 3 years
> Brands: 10 years
> Basis technology: 5 years
> Customer relationships: 10 years

Development expenses of € 347,000 are amortised over five years on a straight-line basis as soon as the development is concluded and manufacture of production parts starts.

For the impairment test the goodwill acquired in the context of the business combination with Palas GmbH was allocated to the “Palas GmbH” cash-generating unit.

The annual impairment test was performed for the first time as at 31 December 2018. There were no concrete indications of impairment. The value in use of the cash-generating unit is used to calculate the recoverable amount. “Palas GmbH” represents the cash-generating unit. Long-term company planning extends to the end of the detailed planning period in 2023. Key assumptions which have a sensitive reaction on the long-term planning, are not only the development of new business and raw material prices, but also productivity increases. These trends are assessed and determined using experience, based on publicly available data and on the basis of existing project agreements, but also on the basis of internal measures which have been resolved. Cash flows are discounted using an appropriate capitalisation rate (before tax) to the reporting date.

To determine the recoverable amount of the goodwill, the premises used in the table below are used:

In percent	2018
Discount rate	8.9
Long-term growth rate	1.0
Planned EBITDA growth rate (average of the next five years)	20

The total cost of capital used for discounting are based on the risk-free interest rate and a market risk premium. In addition, account is taken of the beta factor, borrowing costs and the capital structure, each of which is derived individually for the “Palas GmbH” cash-generating unit on the basis of a relevant peer group.

Sales growth rates for the relevant markets are used to calculate the cash flows. The assumptions made are subject to a certain sensitivity.

The amount by which the “Palas GmbH” cash-generating unit's recoverable amount exceeds its carrying amount is immaterial / close to zero. As a result of the proximity of the acquisition date to the reporting date, there is thus no impairment for the “Palas GmbH” cash-generating unit as at 31 December 2018.

16. Inventories

Inventories break down as follows:

In € k	31.12.2018	31.07.2018
Raw materials and consumables	2,100	-
Work in progress	604	-
Finished products	752	-
Order backlog	825	-
Inventories	**4,281**	-
Carrying amount of inventories pledged as security for liabilities.	-	-

In the context of the purchase price for the acquisition of shares in Palas GmbH, as at the acquisition date an order backlog (€ 900,000) was identified, covering binding orders for the next twelve months.

In the reporting period, there were neither write-downs impacting expenses nor reversals in the reporting period.

17. Trade and other receivables

Trade and other receivables are composed as follows:

In € k	31.12.2018	31.07.2018
Customer receivables	1,196	88
Other receivables	181	21
Receivables and other assets	**1,377**	**109**

Impairment is expected if certain circumstances apply, such as such as late payments over a certain period or the initiation of enforcement measures. The following table shows the allowance account with reference to trade receivables:

In € k	31.12.2018	31.07.2018
Opening balance	-	-
Impairment on receivables	14	-
Write-downs on trade receivables	**14**	**-**

18. Cash and cash equivalents

In € k	31.12.2018	31.07.2018
Bank balances	31,577	45,920
Cash on hand	1	0
Cash and cash equivalents in statement of financial position	**31,578**	**45,920**
Overdrafts used for cash management	-	-
Cash and cash equivalents in the statement of cash flows	**31,578**	**45,920**

Bank balances have variable interest rates for on-call deposits. The carrying amount of these assets is their fair value.

19. Subscribed capital

As at the 31 December 2018 reporting date, the Company's share capital was € 4,152,000. It is divided into 4,152,000 no-par bearer shares.

The distribution to the individual shareholders on the reporting date is as follow:

Shareholders group	Number of shares	% share
Brockhaus shareholders	826,000	19.9%
Pre-IPO investors	1,652,000	39.8%
BCM AG (share loan)	1,674,000	40.3%
Total	**4,152,000**	**100.0%**

As a result of the share loan, the distribution of the voting and dividend rights are as follows:

Shareholders group	Number of voting and profit participation rights	% share
Brockhaus shareholders	826,000	33.3%
Pre-IPO investors	1,652,000	66.7%
Total	**2,478,000**	**100.0%**

With the approval of the Supervisory Board, on 15 December 2017 the Annual General Meeting authorised the Executive Board to increase the share capital on one of more occasions by up to € 2,076,000 against cash contributions or contributions in kind by 14 December 2022, with it being possible to exclude the subscription right of shareholders (Authorised Capital 2017/I).

By resolution of the Executive Board and with the approval of the Supervisory Board on 21 December 2018, on the basis of a contribution in kind partially using Authorised Capital 2017/I the share capital of the Company was increased by € 100,000 against the issue of 100,000 new shares to € 4,242,000. The contribution in kind consisted of the shares in Palas Holding GmbH. As the non-cash capital increase has not been entered in the Commercial Register as at the reporting date, it is recognised in a separate item. Please refer to Note 20. The entry in the Commercial Register was made on 2 January 2019.

a) Share loan

On the transfer date of 21 December 2017, Brockhaus Capital Management AG (transfer date) initially transferred to the Company a total of 1,674,000 of its Brockhaus shares on the basis of a free unremunerated share loan (loaned shares) with all the related rights and obligations. Furthermore, on the transfer date the Brockhaus shareholders instructed KAS-Bank N.V., Frankfurt am Main, to transfer the loaned shares to the Company's securities account at Deutsche Bank AG, Frankfurt am Main.

The successive retransfer of the loaned shares to the Brockhaus shareholders took place at a ratio of 1:2 to new shares, created in the context of future capital increases. The purpose of this regulation is to restrict the share of voting and profit participation rights of the Brockhaus shareholders to a third. The share loan ends in full when all 5,000,000 new shares were issued to investors which are not Brockhaus investors and the Company's total share capital then amounts to € 7,500,000.

The loan has a maximum duration of three years, calculated from the transfer date, thus ending no later than the end of 20 December 2020. If there are still loaned shares in the possession of the Company at the end of the term, these loaned shares will be transferred to all the shareholders (including the Brockhaus shareholders) which as at the end of 20 December 2020 are company shareholders on a pro rata basis as a proportion of their stake at this time.

As a result of the non-cash capital increase of Brockhaus Capital Management AG in December 2018 in the course of the Palas transaction and the issue of 100,000 new shares, 50,000 loaned shares were transferred back to the Brockhaus shareholders in January 2019.

The Company has no rights from the treasury shares.

20. Capital increase not yet registered

The contributions made from the non-cash capital increase in December 2018 are not part of subscribed capital / capital reserves of the Company as at the reporting date until entry in the Commercial Register. As a result, a separate item was included in the statement of financial position. The entry in the Commercial Register was made on 2 January 2019.

An amount of € 100,000 increases the Company's share capital to € 4,252,000 and the contractual premium of € 2,900,000 increases the capital reserves to € 44,978,000.

21. Capital reserves

The capital reserves comprises transfers from the contractual premium minus costs for capital increases.

22. Financial liabilities

In € k	31.12.2018	31.07.2018
Secured bank loans	11,713	-
Liability from the acquisition of the remaining 30% stake in Palas Holding GmbH	1,223	-
Other liabilities	3,012	-
Non-current financial liabilities	**15,948**	**-**
Non-current part of secured bank loans	1,030	-
Current financial liabilities	**1,030**	**-**

Liability from the acquisition of the remaining 30% stake in Palas Holding GmbH: Please refer to Note 26.a).

Other liabilities: Other liabilities include an unsecured seller loan granted in connection with the acquisition of Palas GmbH.

For information on the extent to which the Group is exposed to interest rate and liquidity risks, please refer to Note IV.

Reconciliation of liabilities to cash flows from financing activities

	Liabilities	Equity			
In € k	Financial liabilities	Subscribed capital	To implement a capital increase	Capital reserves	Total
01.08.2018	-	4,152	-	42,140	46,292
Loans and other borrowing	12,740	-	-	-	12,740
Interest payments	(31)	-	-	-	(31)
Overall change of cash flow from financing activities	**12,709**	**-**	-	**-**	**12,709**
Interest expense	47	-	-	-	47
Non-cash grant of a call option	1,223	-	-	-	1,223
Non-cash offset against purchase price	3,000	-	-	-	3,000
Non-cash capital increase	-	-	3,000	-	3,000
Costs of the capital increase	-	-	-	(62)	(62)
31.12.2018	**16,979**	**4,152**	**3,000**	**42,078**	**66,209**

23. Trade and other current payables

In € k	31.12.2018	31.07.2018
Trade payables	885	166
Other liabilities from trade payables	904	594
Other liabilities	1,030	-
Trade and other payables	**2,819**	**760**

For information on liquidity risks relating to trade and other payables, please refer to Note IV.

24. Other provisions

In € k	Warranties
01.08.2018	-
Assumed as part of a business combination	83
Provisions made	1
31.12.2018	**84**
Of which non-current	42
Of which current	42

25. Contingent liabilities and other financial commitments

Contingent liabilities

There are no contingent liabilities as at the reporting date.

Liabilities from operating leases – Group as lessee

As at the reporting date, there are other financial commitments of € 734,000. These are due over the next fiscal years as follows:

	Up to 1 year	1 - 5 years	More than 5 years	Total
Operating leases	386	269	79	734
of which: buildings	331	281	79	628
of which: other operating and office equipment (mainly vehicle leases)	56	50	-	106
Other financial obligations	**386**	**269**	**79**	**734**

Liabilities from operating leases – Group as lessor

The Group has concluded operating lease for short term leases of standard measuring devices. The leases have a term of up to three months. The total of lease payments recognised as income in the reporting period is € 26,000 (Note 6).

IV Financial instruments

a) *Classification and fair value*

The Group disposed over financial instruments which are not measured at fair value in the statement of financial position. With these instruments most of the fair values are not significantly different from the carrying amounts as the interest receivables/liabilities are either close to the current market rates or the instruments are short term.

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their level in the fair value hierarchy. It does not contain information on the fair value for financial assets and financial liabilities not measured at fair value when the carrying amount is a reasonable approximation of fair value.

	Carrying amount			Fair value			
In € k	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Assets not measured at fair value							
Trade receivables	1,196	-	1,196				
Other receivables	181	-	181				
Cash and cash equivalents	31,578	-	31,578				
Total	**32,955**	**-**	**32,955**				
Financial assets not measured at fair value							
Secured bank loans	-	(12,744)	(12,744)	-	-	(12,744)	(12,744)
Unsecured loans	-	(3,012)	(3,012)	-	-	(3,012)	(3,012)
Liability from the acquisition of the remaining 30% stake in Palas Holding GmbH (Note 26)	-	(1,223)	(1,223)				
Trade payables	-	(1,789)	(1,789)				
Other liabilities		(1,030)	(1,030)				
Total	**-**	**(19,798)**	**(19,798)**				

Financial instruments not measured at fair value

Type	Financial liabilities*
Measurement method	Discounted cash flows: The measurement model considers the present value of the expected payments discounted with the effective interest rate.

* Financial liabilities include secured bank loans and unsecured loans and the obligation from an agreement with the previous owner of a subsidiary.

b) *Financial risk management*

The Company's Executive Board is responsible for the establishment and control of risk management.

At the level of the subsidiaries, the Managing Directors are responsible for risk management. In the case of Palas GmbH, relevant and appropriate processes for managing accounts payable and receivable, liquidity planning, monthly reporting etc. have been implemented.

Credit risks

A credit risk is the risk that one party to a financial instrument will cause a financial loss for the other

company by failing to discharge an obligation. The credit risk results from trade receivables

The carrying amounts of the financial assets correspond to the maximum risk of default.

As at 31 December 2018, the Group holds cash and cash equivalents of € 31,578,000 (31 July 2018: € 45,920,000). The amount thus represents the maximum default risk on these assets. The cash and cash equivalents are deposited at banks and financial institutes which have ratings between AA- and AA+. On an ongoing basis, the Executive Board monitors the financial situation of the banks at which the deposits are held.

The default risk of the Group is impacted primarily by the individual characteristics of the customers. However, the Executive Board also takes into account the entire customer base, including the default risk of the industry and the countries in which its customers operate, as these factors could also impact the default risk. For detailed information on the concentration of revenue in certain areas, please refer to Note 6.

The general economic situation in Germany, the eurozone as well as in Asia and America remains under intensive observation. For trade receivables the Group limits its default risk by concluding trade credit insurance or by agreeing advance payments in the case of larger orders.

To determine any impairment which may be necessary the Group has introduced a process which allows an estimate of expected losses from trade receivables. Please see Note 17 for further information.

As at 31 December 2018, the maximum default risk for trade receivables is as follows: With trade receivables trade credit insurance and letters of credit are deducted or taken account of in the loss given default.

In € k	31.12.2018
Trade receivables	1,195
Protection through trade credit insurance and letters of credit	(663)
Maximum default risk	**533**

Liquidity risks

A liquidity risk is the risk that a company will encounter difficulty in meeting obligations associated with financial liabilities.

In the context of budget planning and ongoing controlling, the Executive Board monitors the liquidity situation as well as current and future outflows of liquid funds.

The Group has secured bank loans with covenants. A future violation against the covenant can result in the loan having to be paid back earlier. In line with the agreement the covenants are systematically monitored by the Group and reported regularly to the Executive Board so as to ensure compliance with the credit agreement.

Market risks

A market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. A differentiation is made between three types of risk: currency risk, interest rate risk and market price risk.

The Group holds financial assets and financial liabilities only in the functional currency. There are no material interest rate risks.

V Other disclosures

26. Acquisition of subsidiaries

On 6 December 2018, the Company legally acquired 70.0% of the shares and 80.9% of the voting rights in Palas GmbH Partikel- und Lasermesstechnik with its registered office in Karlsruhe ("Palas"), thus obtaining control over the company. As a result of the existing put option for the remaining 30% of the shares, which is recognised according to the anticipated acquisition method, the acquisition is presented as if 100% of the shares had been acquired. The total consideration transferred was € 35,118,000.

Palas develops and manufactures devices to generate and measure particulate matter and nanoparticles in air. The acquisition represents a major contribution to the intended expansion of the Group into a leading technology holding. It is anticipated that the acquisition will increase the Group's enterprise value on a long-term and sustained basis.

Until their sale, all shares in Palas were held by two Managing Partners. While one of the two partners sold all his shares to BCM AG and has withdrawn as Managing Director, the other Managing Partner reacquired an interest as part of the transaction and remains available as Managing Director for Palas.

The participation of BCM AG in Palas took place in several connected transaction steps within a short time frame. Initially BCM AG acquired a 100% stake in a German limited liability shelf company (acquisition company) which it then renamed Palas Holding GmbH. After providing Palas Holding GmbH with the relevant acquisition financing, Palas Holding GmbH acquired the entire stake in Palas of the withdrawing Managing Partner and transferred the previous stake of the second Managing Partner to Palas on the basis of a contribution in kind. As a result Palas Holding GmbH holds a 100% stake in Palas.

As a result of the transfer of the shares in Palas Holding GmbH to BCM AG by the remaining Managing Partner against the grant of 100,000 new shares in BCM AG, BCM AG now holds 70% of the shares in Palas Holding GmbH and the remaining Managing Partner 30% of the shares in Palas Holding GmbH. The 100,000 new BCM AG shares were issued at € 30.00 per share.

In the context of the negotiations and implementing the acquisition of Palas, the group undertook to the remaining Managing Partner to acquire his 30% stake at a subsequent point in time. To show this obligation, the anticipated acquisition method is used. Using this method, the company acquisition is shown as if the Managing Partner had already exercised his put option. This means that the shares on which the option is based are already considered acquired as at the acquisition date with the result that there are no non-controlling shares in the Group. The obligation from the option is recognised as financial liability (Note 22).

In the period from 6 December to 31 December 2018, Palas contributed revenue of € 1,098,000 and profits of € 220,000 to the group result. If the acquisition has taken place on 1 August 2018, according to Executive Board estimates group revenue would have been € 6,290,000 and the group loss for the short fiscal year € 581,000. In calculating these amounts, the Executive Board made the assumption that the provisionally calculated adjustments of the fair values made at the acquisition date would also have applied in the case of an acquisition on 1 August 2018.

a) Consideration transferred

The acquisition date fair values of each major class of consideration are shown below.

In € k	
Cash and cash equivalents	27,145
Seller loan granted	3,000
BCM AG shares	3,000
Other liabilities	750
Liability from the acquisition of the remaining 30% stake in Palas Holding GmbH	1,223
Total consideration transferred	**35,118**

b) Acquisition-related costs

In the Group there were acquisition-related costs of € 471,000 for legal services and due diligence. The costs are recognised in other operating expenses.

c) Identifiable purchased assets and liabilities assumed

Below there is a summary of the recognised amounts of purchased assets and liabilities assumed as at the acquisition date.

In € k	
Property, plant and equipment	778
Intangible assets	10,384
Inventories (including order backlog)	4,477
Trade receivables	1,723
Cash and cash equivalents	1,146
Tax liabilities	(444)
Deferred tax liabilities	(3,473)
Provision for warranties	(83)
Trade payables and other liabilities	(1,391)
Total identifiable acquired net assets	**13,117**

d) Goodwill

As a result of the acquisition, goodwill was recognised as follows.

In € k	
Consideration transferred	35,118
Fair value of identifiable net assets	(13,117)
Goodwill	**22,001**

27. List of subsidiaries

The consolidated financial statements included two indirect and direct companies. The table below shows the stake and the profits of the consolidated companies:

Company	Registered office	Share of capital	Equity (IFRS)	Annual result (IFRS)
Palas GmbH Partikel- und Lasermeßtechnik	Karlsruhe	100.00%	€ 5,801,904.93	€ 2,540,350.72
Palas Holding	Karlsruhe	100.00%	€ 19,435,431.78	€ (564,568.22)

The existing legal stake in Palas Holding GmbH is 70%. In respect to the remaining share of 30% in the capital, please refer to Note 26 on the application of the anticipated acquisition method.

In the period between 6 December 2018 and 31 December 2018, Palas GmbH generated a result of € 220,000.

28. Research and development expenses

In the reporting period, group research and development expenses totalled € 52,000, € 48,000 of which related to research expenses and development expenses which cannot be capitalised and € 4,000 to capitalised development expenses subject to amortisation.

29. Cash-settled share-based payment transaction

A cash-settled share based payment agreement was concluded which allows the beneficiaries to participate in cash payments from an exit event in respect to their put options on shares of subsidiaries after a period of five years. The agreement requires the completion of a specific future period of service, while the services are to be provided on an ongoing basis.

In accordance with the currently applied contractual arrangements, 20% of the share of the beneficiaries are vested in annual tranches. Thus they are fully vested over a period of five years. The agreements have an initial cliff of twelve months. In the case of a bad leaver event, the company undertakes to pay the lower of the initial participation and any preferential participation of the respective beneficiary and the market value of the stake of the respective beneficiary at the point of time of the relevant event. In the case of a good leaver event, for the vested participation the company undertakes to pay the market value of the stake held by the respective beneficiary, but no less than the pro rata initial costs related to the vested participation and in respect to the non-vested participation the pro rata initial costs relating to the non-vested participation. Typically a bad leaver event is triggered when, for example, the respective employee agreement between the beneficiary and the subsidiary is terminated for cause or if the beneficiary commits a crime. Typically a good leaver event is triggered when, for example, the respective employee agreement is ordinarily terminated by the subsidiary.

As at 31 December 2018, liabilities for cash-settled share-based payment transactions have a fair value of zero.

30. Related party transactions

Parties are considered to be related if they have the ability to control BCM AG or exercise significant influence over its financial and operating policy.

Such companies and persons comprise key management personnel within the Group and companies controlled by key management personnel or under their significant influence.

a) Key management personnel

In relation to the Group, key management personnel are members of the Executive Board and the Supervisory Board of BCM AG.

In the context of a share loan, a member of the Executive Board transferred 66,960 shares of the company to the company. As a result of the structure of the legal function of the share loan, the volume and the outstanding balance of the transaction is recognised at zero. Please refer to Note 19.

b) Other related parties

The members of the Executive Board take positions in other companies, as a result of which they have control or significant influence on the financial and operating policy of these companies. A part of this company concluded transactions with BCM AG in the reporting period.

In the context of the acquisition of Palas GmbH, a seller granted an unsecured loan. The outstanding liability is recognised in Note 22.

Falkenstein Heritage GmbH, with its registered office in Wetzlar, disposes over 26.7% of the voting rights in the company. The company is controlled by a member of the BCM AG Executive Board.

Brockhaus Private Equity GmbH, with its 3.3% voting rights is a minority shareholder of the company is controlled by BCM AG Executive Board members. In the reporting period there was a transaction from oncharging costs with Brockhaus Private Equity GmbH which were paid by Brockhaus Private Equity GmbH for BCM AG and represent expenditure for BCM AG. In the reporting period, there was a transaction from a sub-lease.

In addition there is a sub-lease between the company and Brockhaus Private Equity GmbH.

Falkenstein Heritage GmbH and Brockhaus Private Equity GmbH are parties to the share loan and in this context transferred 1,355,940 shares of the company to the company. As a result of the structure of the legal function of the share loan, the volume and the outstanding balance of the transaction is recognised at zero. Please refer to Note 19.

The combined values of the transactions and the outstanding amounts in connection with companies controlled by key management personnel or under their significant influence are shown below:

In € k	Value of the transactions 01.08.2018 - 31.12.2018	01.08.2017 - 31.07.2018	Outstanding amounts 31.12.2018	31.07.2018
Sub-lease	44	34	-	-
Oncharging costs	-	180	-	-
Transfer to free capital reserves	-	14	-	-

In September 2017, € 15,000 was paid into the free capital reserves by the company shareholders. € 14,000 of this came from companies controlled by key management personnel.

31. Events after the end of the reporting period

The non-cash capital increase of € 100,000, in connection with the pro rata purchase price payment of the Palas acquisition with new BCM AG shares (Note 26), was entered in the Commercial Register on 2 January 2019. The value of the new shares exceeding the total issue amount of the non-cash premium represents a contractual premium of € 2,900,000.

A profit transfer agreement between Palas GmbH and Palas Holding GmbH was concluded as at 30 January 2019. This was entered in the Commercial Register on 11 February 2019.

In January 2019, a purchase price component of € 750,000 from the acquisition of shares in Palas GmbH was settled.

On 11 September 2019, a resolution to increase the Company's share capital by € 41,667 to €4,293,667 was passed. The capital increase was entered in the Commercial Register on 7 June 2019.

On 2 September 2019, in the context of an Extraordinary General Meeting the shareholders of the company resolved to increase the share capital against cash contributions by issuing up to 3,138,912 new shares. With the approval of the Supervisory Board, the Executive Board was authorised to determine further details of the capital increase. As at the date of these financial statements, this capital increase had not yet been implemented.

On 27 July 2019, the Annual General Meeting of the Company resolved a stock option program in order to grant members of the Company's Executive Board, executives of affiliated companies and selected employees below the Executive Board level and below the management level of affiliated companies up to 425,200 option rights to shares of the company.

32. Fees for the audit company

The total fee of the independent auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, for the consolidated financial statements for the short fiscal year from 1 August 2018 to 31 December 2018, which is recognised in expenses, breaks down as follows:

In € k	01.08.2018 - 31.12.2018	01.08.2017 - 31.07.2018
Audits of financial statements	79	97
Other assurance services	0	11
Total	**79**	**108**

The fees for audit services relate to expenses for the audit of the consolidated financial statements and for the audit of the financial statements.

33. Employees

The following overview shows the average number of group employees in the reporting period:

Average number	01.08.2018 - 31.12.2018	01.08.2017 - 31.07.2018
Full time	11	1
Part time	5	-
Other	2	-
Total employees	**18**	**1**

34. Company bodies

The Executive Board of BCM AG is made up as follows:

> CEO/CIO: Marco Brockhaus, Königstein im Taunus
> CAO/Legal Counsel): Dr. Marcel Wilhelm, Kronberg im Taunus

Subject to overriding legal provisions, in the reporting period the BCM Supervisory Board consists of three members and was constituted as follows:

- Chairman: Dr. Othmar Belker, self-employed consultant, Kleinwallstadt
- Deputy Chairman: Michael Schuster, lawyer, Königstein im Taunus
- Member of the Supervisory Board: Dr. Lars-Gerrit Lüßmann, lawyer Frankfurt am Main (until 5 December 2018)
- Member of the Supervisory Board: Andreas Peiker, businessman, Königstein im Taunus (from 5 December 2018)

35. Total remuneration of the members of company bodies

The Chairman of the Supervisory Board receives annual fixed remuneration of € 60,000; the other members of the Supervisory Board each receive annual fixed remuneration of € 30,000. Members of the Supervisory Board also receive reimbursement of out-of-pocket expenses and any sales tax payable in connection with their remuneration. In the reporting period, Supervisory Board compensation amounted to € 83,000 (prior year: € 120,000).

In the reporting period, the remuneration of members of the Executive Board totalled € 300,000 (prior year: € -).

36. Appropriation of earnings

The loss carried forward of BCM AG from the previous year is carried forward to new account together with the net loss for the year for the reporting period. As at 31 December 2018 the Parent Company posts net accumulated losses in accordance with German GAAP [HGB] of € 3,046,000.

Frankfurt am Main, 26 September 2019

Marco Brockhaus

Dr. Marcel Wilhelm