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3B Scientific GmbH Hamburg	Accounting/ Financial Reports	Annual financial statements for the financial year from January 1st, 2018 to December 31st, 2018	06.02.2020

3B Scientific GmbH**Hamburg****Annual financial statements for the financial year from January 1st, 2018 to December 31st, 2018****Notes for the 2018 financial year****of 3B Scientific GmbH, Hamburg****A. Accounting Policies**

The provisions of the HGB for medium-sized corporations were applied to the accounting and valuation in the annual financial statements of 3B Scientific GmbH, Hamburg (Hamburg District Court, HRB 28859).

The presentation, structure, approach and valuation of the annual financial statements correspond to the principles of the previous year.

The profit and loss account is prepared according to the nature of expense method.

The purchased intangible assets are valued at acquisition cost less scheduled accumulated depreciation. Depreciation is made on a straight-line basis over the usual useful life.

Property, plant and equipment are stated at the acquisition or production costs that must be capitalized and, where depreciable, reduced by scheduled depreciation over the usual useful life. The production costs include material and production costs as well as special production costs plus appropriate parts of the necessary material and production overheads (including the depreciation of the fixed assets, insofar as it was caused by the production).

In contrast to the previous year, devices for demonstration purposes, which are presented at trade fairs and made available to customers for training and test purposes, are no longer reported under inventories but under property, plant and equipment (EUR 316k; previous year: EUR 198k).

Financial assets are valued at the lower of cost or fair value.

If the value of fixed assets determined according to the above principles is higher than the value assigned to them on the balance sheet date, this is taken into account through unscheduled depreciation. If it turns out in a later financial year that the reasons for this no longer exist, the amount of this depreciation is written up to the extent of the increase in value, taking into account the depreciation that should have been carried out in the meantime.

Raw materials, consumables and supplies are valued at acquisition cost including ancillary acquisition costs or lower fair value, with reasonable deductions being made for storage and utilization risks.

The basis for valuing work in progress and finished goods at production cost is formed by the imputed unit costs taken from company accounting and determined on the basis of planned normal employment. The unit costs contain direct and overhead material costs, direct and overhead production costs as well as special production costs.

The advance payments made are shown without sales tax.

Receivables and other assets are stated at nominal value. All identifiable individual risks are taken into account in the assessment. For the general credit risk, a general value adjustment of 1% has been made for receivables from deliveries and services.

The discounts contained in the accruals and deferrals are amortized on a straight-line basis over the fixed-interest period of the corresponding loan.

Special items for investment subsidies and investment grants contain government grants for investments in fixed assets. The reversal takes place pro rata according to the scheduled depreciation on the corresponding assets.

Liabilities are recognized at the settlement amount.

Receivables and liabilities in foreign currencies with a remaining term of up to one year are converted at the average spot exchange rate on the balance sheet date. In this respect, unrealized gains and losses from currency translation are included in the present annual financial statements. With a remaining term of more than one year, the conversion is carried out using the exchange rate at the time of occurrence. In the event of exchange rate changes up to the balance sheet date, the valuation is always based on the exchange rate on the balance sheet date, taking into account the lower of cost or market principle on the asset side and the highest value principle on the liability side.

B. Notes to the Balance Sheet and Profit and Loss Account**I. Balance sheet****1. Fixed assets**

The separately presented development of fixed assets is an integral part of the notes.

2. Prepaid expenses

This item includes discounts of EUR 134 thousand (previous year: EUR 157 thousand).

3. Liabilities

Liabilities of EUR 6,345 thousand (previous year: EUR 0 thousand) have a remaining term of 1 to 5 years and EUR 0 thousand (previous year: EUR 6,345 thousand) have a remaining term of more than five years. Otherwise, the liabilities have a remaining term of less than one year.

Liabilities to banks are fully secured by property liens.

II. Profit and Loss Account

1. Personnel expenses

The item "Social security contributions and expenses for pensions" includes expenses for pensions in the amount of EUR 84 thousand (previous year: EUR 23 thousand).

2. Financial result

The financial result includes interest expenses from the compounding of pension provisions in the amount of EUR 20 thousand.

Other interest and similar income relates to affiliated companies in the amount of EUR 40 thousand (previous year: EUR 52 thousand).

C. Other information

1. Shareholdings

As of the balance sheet date, the company held direct and indirect investments in the following companies within the meaning of Section 271 (1) HGB:

Surname	Seat	participation rate	currency	Equity 12/31/2018	Annual result 2018
Europe 3B Scientific es Forgalmazó Kft.	Budapest Hungary	100	HOOF	-87.450.365	- 184.974.365
American 3B Scientific LP.	Tucker, Georgia USA	33.33	USD	-3,707,772	-105.105
American 3B Management Corporation Inc.	Tucker, Georgia USA	33	USD	4,972	3,972

2. staff

The average number of employees during the financial year is:

	Number
employee	127
worker	81
home workers	16
temporary workers	18
	242

3. Contingent Liabilities and Other Financial Obligations

Contingent liabilities within the meaning of § 251 HGB exist for 3B Scientific GmbH within the scope of the overall financing of the 3B Group together with other companies of the 3B Group. In this context, the Company is liable for the liabilities of American 3B Scientific, Ltd. to banks in the amount of EUR 8.6 million (previous year: EUR 8.6 million). The risk of a claim arising from the provision of collateral for third-party liabilities is classified as low, since there are currently no indications that the affiliated company will not meet its obligations.

There are other financial obligations mainly from rental and leasing obligations in the amount of EUR 1,151 thousand. Of this, EUR 861 thousand is due in the 2019 financial year.

4. Supplementary report

After the end of the fiscal year ended December 31, 2018, there were no events of particular importance that would need to be reported at this point.

5. Bodies of the company

Managing Director is:

- Todd A. Murray, Wilmette, Illinois / USA

In accordance with Section 286 (4) of the German Commercial Code, management remuneration is not disclosed.

6. Group disclosures

The ultimate parent company of 3B Scientific GmbH, 3B Scientific Holdings, LLC, New Canaan, CT/USA, prepares consolidated financial statements including 3B Scientific GmbH.

Hamburg, May 24th, 2019

3B Scientific GmbH

Managing directors

Todd A Murray

Development of fixed assets in the 2018 financial year

of 3B Scientific GmbH, Hamburg

	As of 01/01/2018 EUR	Acquisition/manufacturing costs			As of 12/31/2018 EUR
		additions EUR	transfers EUR	departures EUR	
I. Intangible assets					
1. Purchased industrial property rights and similar rights and assets	1,387,998.93	34,237.31	250,000.00	74,147.26	1,598,088.98
2. Assets under construction	0.00	34,937.65	0.00	0.00	34,937.65
	1,387,998.93	69,174.96	250,000.00	74,147.26	1,633,026.63
II. Tangible assets					
1. Land and buildings, including buildings on third-party land	1,372,212.51	1,884.50	0.00	0.00	1,374,097.01
2. Technical installations and machines	1,238,958.82	55,802.50	0.00	510,271.51	784,489.81
3. Other equipment, fixtures and fittings	2,914,926.40	545,734.21	99,359.47	1,811,181.85	1,748,838.23
4. Advance payments made	199,191.31	331,008.61	-99,359.47	0.00	430,840.45
	5,725,289.04	934,429.82	0.00	2,321,453.36	4,338,265.50
III. financial investments					

	Acquisition/manufacturing costs				As of 12/31/2018
	As of 01/01/2018	additions	transfers	departures	
	EUR	EUR	EUR	EUR	EUR
1. Shares in affiliated companies	775,118.49	0.00	0.00	0.00	775,118.49
2. Loans to affiliated companies	145,300.00	0.00	0.00	0.00	145,300.00
3. Holdings	25,829.60	0.00	0.00	0.00	25,829.60
4. Other Loans	250,000.00	0.00	-250,000.00	0.00	0.00
	1,196,248.09	0.00	-250,000.00	0.00	946,248.09
	8,309,536.06	1,003,604.78	0.00	2,395,600.62	6,917,540.22
	Accumulated depreciation				As of 12/31/2018
	As of 01/01/2018	additions	transfers	departures	
	EUR	EUR	EUR	EUR	EUR
I. Intangible assets					
1. Purchased industrial property rights and similar rights and assets	1,195,098.93	104,991.31	250,000.00	74,106.26	1,475,983.98
2. Assets under construction	0.00	0.00	0.00	0.00	0.00
	1,195,098.93	104,991.31	250,000.00	74,106.26	1,475,983.98
II. Tangible assets					
1. Land and buildings, including buildings on third-party land	844,631.83	56,435.50	0.00	0.00	901,067.33
2. Technical installations and machines	1,108,802.82	36,222.50	0.00	458,956.51	686,068.81
3. Other equipment, fixtures and fittings	2,355,509.40	286,706.88	0.00	1,513,230.05	1,128,986.23
4. Advance payments made	0.00	0.00	0.00	0.00	0.00
	4,308,944.05	379,364.88	0.00	1,972,186.56	2,716,122.37
III. financial investments					
1. Shares in affiliated companies	0.00	0.00	0.00	0.00	0.00
2. Loans to affiliated companies	0.00	0.00	0.00	0.00	0.00
3. Holdings	0.00	0.00	0.00	0.00	0.00
4. Other Loans	250,000.00	0.00	-250,000.00	0.00	0.00
	250,000.00	0.00	-250,000.00	0.00	0.00
	5,754,042.98	484,356.19	0.00	2,046,292.82	4,192,106.35
				book values	
				As of 12/31/2018	As of 12/31/2017
				EUR	EUR
I. Intangible assets					
1. Purchased industrial property rights and similar rights and assets			122,105.00		192,900.00
2. Assets under construction			34,937.65		0.00
			157,042.65		192,900.00
II. Tangible assets					
1. Land and buildings, including buildings on third-party land			473,029.68		527,580.68
2. Technical installations and machines			98,421.00		130,156.00
3. Other equipment, fixtures and fittings			619,852.00		559,417.00
4. Advance payments made			430,840.45		199,191.31
			1,622,143.13		1,416,344.99
III. financial investments					
1. Shares in affiliated companies			775,118.49		775,118.49
2. Loans to affiliated companies			145,300.00		145,300.00
3. Holdings			25,829.60		25,829.60
4. Other Loans			0.00		0.00
			946,248.09		946,248.09
			2,725,433.87		2,555,493.08

Management report for the financial year from January 1 to December 31, 2018

I. Company Fundamentals

1. Company's business model

3B Scientific GmbH specializes in the production and marketing of didactic materials for medical and scientific education.

As an international company, 3B Scientific GmbH with its affiliated companies in Germany and abroad is today the world's leading group of companies in the anatomy market. The product range also includes physical-technical teaching aids, medical simulators, acupuncture needles and therapy products.

The headquarters of 3B Scientific GmbH is located in Hamburg. In 2018, the company had branches in Coburg, Dresden, Klingenthal and at times Wesseling.

The company has another production and sales site at the headquarters of its Hungarian subsidiary 3B Scientific Europe Kft.

The 3B group of companies, owned by 3B Scientific Holdings, LLC in the USA, has legally independent branches in Brazil, China, France, Great Britain, Italy, Japan, Russia, Spain, South Korea, Thailand, Turkey and the USA. At the headquarters of the Chinese 3B company there is a production facility that works for 3B Scientific GmbH within the framework of wage provision.

3B Scientific GmbH is responsible for a large part of the control of the 3B group of companies, which will continue to play a central role in the future development of the 3B group.

2. Research and Development

The subject of our development work is the innovative further development of existing products and the new development of future products.

Other new products were developed for the fields of physics and anatomy and simulation. The previous management had already decided in 2015 to work more closely with external service providers in the development of new products. With the change of ownership, new approaches to development work emerged. Cooperation with external service providers, which was brought about shortly after the change, resulted in new and further improved products. This process continues continuously.

The research and development team comprised 11 employees in 2018.

II. Economic report

1. Macroeconomic, industry-related framework conditions

The international market for teaching materials declined overall in the 2018 reporting year. Due to the low birth rates, the market situation in the industrialized countries is essentially still characterized by the need to cover replacement and supplementary needs, which means that we are still exposed to cut-throat competition.

The situation in the eurozone continued to be characterized by public budget cuts.

2. Course of Business

In the 2018 financial year, the shareholder of 3B Scientific GmbH pushed ahead with the further development of the 3B Scientific group of companies with the aim of improving cooperation between the group companies and increasing group-wide efficiencies. In this context, there was again an expansion of sales activities and optimization of processes.

For 3B Scientific GmbH in 2018, the international optimization process primarily meant that sales activities were relocated from the Wesseling site to Hamburg as planned and the Wesseling site was closed. The concentration of sales activities in Hamburg already led to considerable synergy effects in 2018, which will increase in 2019.

Furthermore, on July 1, 2018, the production capacities were relocated from the Hamburg location to the subsidiary 3B Scientific Europe Kft. in Budapest. Since then, in addition to the previous production volume, the products previously manufactured in Hamburg have been made to order there. This step is also part of the optimization program that is being carried out as planned, which is intended to lead to a reduction in production costs in the group, especially from 2019 onwards.

3B Scientific GmbH can look back on a financial year that was only partially successful. Revenues increased compared to the previous year. However, the result fell well short of expectations, particularly due to negative margin development.

3rd layer

3.1. earnings situation

The company's key financial performance indicators have developed as follows:

	2018	2017
	kEUR	kEUR
raw result	16,607	17,366
operating result	-811	-524
annual result	-1,295	-702

While total output increased by around EUR 600 thousand (1.9%) in the 2018 reporting year, the gross profit (including other operating income) was EUR 760 thousand below the previous year's level at EUR 16.6 million. The reason for this development can be seen in a changed product mix, which has led to a reduction in high-margin own products and to a higher proportion of through-traded products. The relocation of production capacities to Hungary has also contributed to this increase in the share of through-traded products. Overall, this led to a reduction in the gross profit margin of 4.7 percentage points.

The lower gross profit compared to the previous year is offset in particular by around EUR 400 thousand lower other operating expenses as a result of lower legal and consulting costs, so that the operating result has fallen by around EUR 300 thousand compared to the previous year.

For the 2018 reporting year, there was a pre-tax loss for the year of EUR 1,280 thousand. The annual result fell by EUR 593k compared to the previous year.

In addition to the effect from the reduction in the gross profit margin, the main reasons for this were the increase in interest expenses by EUR 234 thousand compared to the previous year due to the partial refinancing of short-term to long-term bank loans and the greater use of the current account line.

The relatively high one-off expenses for the relocation of production to the subsidiary in Budapest should be noted. A total of around EUR 1.3 million (including EUR 785 thousand in personnel costs and EUR 284 thousand in consulting costs) had to be spent here.

3.2. financial position

The financial situation can be described as stable. Our financial management is designed to always settle liabilities within the payment period and to collect receivables within the payment terms.

Liabilities to banks increased by EUR 2,637 thousand to EUR 9,030 thousand as of the balance sheet date. The reasons for this were also the repayment of loans to former shareholders and the financing of the increased current assets. Trade accounts payable fell by EUR 241 thousand to EUR 1,969 thousand.

Equity decreased to EUR 7,099k due to the negative result. The equity ratio is around 33% (previous year: around 41 0/0); the company continues to be financially stable.

As of the reporting date, the company had liquid funds of EUR 1.1 million.

3.3 Assets

The balance sheet total increased by around EUR 1.2 million (6.02%) compared to the previous year's reporting date.

Fixed assets increased to EUR 2.7 million due to investments. Inventories as of December 31, 2018 increased by around 3.5% to around EUR 9.1 million compared to the previous year, which is mainly due to an increase in inventories in connection with the increase in the ability to deliver our own products.

2018	2017	difference
kEUR	kEUR	kEUR
9,144	8,836	308

As of the 2018 balance sheet date, the company had equity of around EUR 7.1 million. Equity decreased by around 15.5% compared to the previous year's reporting date due to the shortfall.

We increased the total amount of liabilities by a total of EUR 2.6 million, primarily due to the restructuring of bank financing and an increase in liabilities to shareholders.

investments

In 2018, too, we made the necessary investments to create the necessary resources and modernize our machinery. This enables us to provide our services and our products competitively.

Investments in intangible assets and property, plant and equipment totaled EUR 1,004 thousand and were mainly made in the area of tool construction at EUR 331 thousand, in IT systems at EUR 93 thousand and in operating and office equipment at EUR 453 thousand.

4. Personnel and social area

As of December 31, 2018, the number of permanent employees fell to 229 (previous year: 235). The number of temporary workers and homeworkers was reduced from 54 to 27 employees. The decline is mainly due to the relocation of production from the Hamburg location to the subsidiary in Budapest.

In 2018, expenses for improving the qualifications of our employees were slightly below the previous year's level at EUR 36 thousand.

5. Supplementary report

With regard to the events of particular importance that arose after the end of the reporting period, we refer to the explanations in the notes.

6. Forecast, opportunity and risk report

6.1. forecast report

The spending behavior of the public budgets in Europe and in the developing countries is still cautious. This has not changed significantly in 2018 either.

For 2018, we had assumed that the overall performance of 3B Scientific GmbH would only grow slightly by around 1.3% and that the annual result would still be negative, but significantly more positive than in 2017.

In fact, we saw an overall performance increase of almost 1.9%. Unfortunately, we fell significantly short of the earnings forecast, in particular due to the reduction in the gross profit margin due to the changes in the product mix in 2018.

For 2019, against the background of the development in the first four months of the financial year, we are again planning only slight sales growth with stable gross profit for 3B Scientific GmbH. According to our planning figures, the operating and annual result will be clearly positive.

The closure of the Wesseling site and the relocation of production from Hamburg and Budapest in 2018 went according to plan. Both measures will contribute to significant improvements in earnings in 2019.

Potential cost savings are continuously analyzed and evaluated. We continue to work on optimizing internal processes and process organization. At the moment, there is still a noticeable need for more coordination. The new structures and processes have already been established in many areas of the company and are showing the expected positive effects.

We assume that the political uncertainties such as e.g. B. US trade policy or Brexit will continue to affect our export business. The "customs war" between the USA and the People's Republic of China has so far only had a minor impact on our business, but the bureaucratic effort for doing business with these countries and their products has increased significantly but is manageable.

Our wide range of products enables us to make comprehensive offers to our customers. We offer very good product quality and good customer service. We are constantly working on improving our product and service quality in order to maintain our high standard.

Numerous measures lead to a constant improvement of our processes and process reliability.

6.2 Risk Report

Management sees one of its main tasks as recognizing risks and eliminating them as far as possible, or at least minimizing them.

Operational Risks

Operational risks such as B. Production downtimes, we counteract by operating several independent production facilities as well as preventive maintenance measures and the provision of important spare parts.

We counteract the risk of price changes or delivery bottlenecks by observing the market, acting with foresight and keeping stocks accordingly.

We are working on limiting staff turnover, retaining good employees, selecting the right applicants, hiring trainees and giving our employees better qualifications through internal and external further training alongside their work. We also want to position ourselves even more strongly as an attractive employer. In this way, we are counteracting the expected shortage of skilled workers.

Exchange rate and interest rate risks

3B Scientific GmbH mainly invoices in euros and USD, as well as in British pounds and Chinese renminbi. Purchases are made in a similar currency distribution. Historically, this broad distribution has resulted in an equalization of currency gains and losses over at least a number of years. We assume that this will continue to be the case.

Since the 3B group of companies operates in different currency areas worldwide and currency gains and losses are offset here within short periods of time, the management has not planned any currency hedging measures.

The liabilities assumed at the end of 2018 are based on EURIBOR. The increase in the EURIBOR therefore has a direct impact on the interest payments to be made for these liabilities. In view of the overall economic situation and the current low level of interest rates, we currently do not expect any significant increases in interest rates in the medium term.

Liquidity and receivables risks

The liquidity risks have increased due to the higher utilization of the available bank lines with the significant reduction in the level of cash and cash equivalents. However, we monitor the liquidity situation very regularly and therefore continue to consider the resulting risks to be insignificant based on the current liquidity planning and our solid financing.

Thanks to a well-functioning and effective receivables management, which we handle tightly, we have recorded an extremely low level of bad debts.

quality risks

We incorporate our daily experience into changing organizational precautions and measures, thus ensuring the consistently high quality of our work and our products. All precautions and measures are subject to recurring effectiveness checks.

Other Risks

Our products continue to be copied and there are anti-competitive practices. On the other hand, we take legal action in cases where other measures do not work.

overall picture

Other significant risks are not discernible and there are no risks that endanger the existence of the company.

6.3. opportunity report

We offer products in the premium segment. Since our products are characterized by their good quality, we also see good sales opportunities in the future. We also intend to take the special requirements of the markets into account in product development. On the other hand, positioning in the higher price segment of the market also represents a risk. We limit this risk by further promoting the 3B brand on the market.

In our view, governments will continue to make sustained efforts to invest in the public sector in terms of education and medical training, which promises good market opportunities for our product ranges.

Hamburg, May 2019

Todd A Murray

Independent Auditor's Report

The attached annual financial statements as of December 31, 2018 are the abridged version for disclosure purposes in accordance with Section 327 HGB. The following audit opinion was issued on the complete annual financial statements and the management report for the 2018 financial year:

To 3B Scientific GmbH, Hamburg

audit opinions

We have the annual financial statements of 3B Scientific GmbH, Hamburg, — consisting of the balance sheet as of December 31, 2018 and the income statement for the financial year from January 1 to December 31, 2018 and the notes, including the presentation of the accounting and valuation methods —checked. In addition, we have audited the management report of 3B Scientific GmbH, Hamburg, for the fiscal year from January 1 to December 31, 2018.

According to our assessment based on the knowledge gained during the audit

- The attached annual financial statements correspond in all material respects to the German commercial law regulations applicable to corporations and, in compliance with the German principles of proper accounting, convey a true and fair view of the assets and financial position of the company as of December 31, 2018 and its earnings position for the financial year from January 1 to December 31, 2018 and
- the attached management report as a whole provides an accurate picture of the company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

In accordance with § 322 Para. 3 Sentence 1 HGB, we declare that our audit has not led to any objections to the regularity of the annual financial statements and the management report.

Basis for the test results

We conducted our audit of the annual financial statements and the management report in accordance with Section 317 of the German Commercial Code, taking into account the German generally accepted auditing principles established by the Institute of Public Auditors in Germany (IDW). Our responsibilities under these regulations and principles are further described in the "Auditor's responsibility for the audit of the annual financial statements and management report" section of our auditor's report. We are independent of the company in accordance with the requirements of German commercial and professional law and have our other German professional responsibilities in compliance with these requirements. We believe that

Responsibility of the legal representatives for the annual financial statements and the management report

The legal representatives are responsible for the preparation of the annual financial statements, which comply with the German commercial law provisions applicable to corporations in all material respects, and for the fact that the annual financial statements, in compliance with the German principles of proper accounting, give a true and fair view of the assets, financial - and results of operations of the company. Furthermore, the legal representatives are responsible for the internal controls which they have determined to be necessary in accordance with the German principles of proper accounting in order to enable the preparation of annual financial statements,

In preparing the annual financial statements, the legal representatives are responsible for assessing the company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

In addition, the legal representatives are responsible for preparing the management report, which as a whole provides a suitable view of the company's position and is consistent with the annual financial statements in all material respects, complies with German legal requirements and suitably presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) they have deemed necessary to enable the preparation of a management report in accordance with the applicable German legal provisions and to provide sufficient suitable evidence for the statements in the management report be able.

Auditor's responsibility for the audit of the annual financial statements and the management report

Our objective is to obtain reasonable assurance as to whether the annual financial statements as a whole are free from material misstatement, whether intentional or unintentional, and whether the management report as a whole provides a suitable view of the company's position and, in all material respects, is consistent with the annual financial statements and is consistent with the findings obtained in the audit, complies with German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report which contains our audit opinions on the annual financial statements and on the management report.

Adequate assurance is a high level of assurance, but is no guarantee that an audit conducted in accordance with § 317 HGB, taking into account the German principles of proper annual auditing established by the Institute of Public Accountants (IDW), will always uncover a material misstatement. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements and management report.

During the audit, we exercise professional judgment and maintain a critical attitude. Furthermore

- We identify and assess the risks of material - intentional or unintentional - misstatements in the annual financial statements and in the management report, plan and perform audit procedures in response to these risks, and obtain audit evidence that is sufficient and appropriate to serve as a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is greater than that arising from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- We gain an understanding of the internal control system relevant to the audit of the annual financial statements and the precautions and measures relevant to the audit of the management report in order to plan audit procedures that are appropriate in the given circumstances, but not with the aim of providing an audit opinion on the effectiveness of these systems of society.
- we evaluate the appropriateness of the accounting methods used by the legal representatives as well as the justifiability of the estimated values presented by the legal representatives and the related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that cast significant doubt on the Company's ability to continue as a going concern can raise. If we conclude that there is a material uncertainty, we are required to draw attention to the related disclosures in the financial statements and management report in the auditor's report or, if such disclosures are inappropriate, to modify our respective audit opinion. We base our conclusions on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in such a way that the annual financial statements, in compliance with German legally required accounting principles, give a true and fair view of the assets, financial and earnings situation of the company.
- We assess the consistency of the management report with the annual financial statements, its compliance with the law and the view it conveys of the company's situation.
- we perform audit procedures on the future-oriented information presented by the legal representatives in the management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not provide a separate audit opinion on the future-oriented information and the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We discuss with those charged with governance, among other things, the planned scope and timing of the audit and significant audit findings, including any deficiencies in the internal control system that we identify during our audit.

Hamburg, May 24, 2019

Ebner Stolz GmbH & Co. KG, auditing company, tax consulting company*Sven Metzger, auditor**Thomas Wülfing, auditor***Balance sheet as of December 31, 2018****of 3B Scientific GmbH, Hamburg****assets**

	12/31/2018	12/31/2017
	EUR	EUR
A. Fixed assets		
I. Intangible assets	157,042.65	192,900.00
- of which advance payments and assets under construction: EUR 34,937.65 (previous year: EUR 0.00)		
II. Tangible assets		
1. Land and buildings, including buildings on third-party land	473,029.68	527,580.68
2. Technical installations and machines	98,421.00	130,156.00
3. Other equipment, fixtures and fittings	619,852.00	559,417.00
4. Payments on account and assets under construction	430,840.45	199,191.31
	1,622,143.13	1,416,344.99
III. financial investments		
1. Shares in affiliated companies	775,118.49	775,118.49
2. Loans to affiliated companies	145,300.00	145,300.00
3. Holdings	25,829.60	25,829.60
	946,248.09	946,248.09
	2,725,433.87	2,555,493.08
B. Current Assets		
I. Inventories	9,143,631.67	8,836,216.68
II. Receivables and other assets	8,357,522.77	5,805,033.90
- thereof from affiliated companies: EUR 6,325,650.91 (previous year: EUR 3,837,274.56)		
III. Cash and bank balances	1,125,133.29	3,002,692.78
	18,626,287.73	17,643,943.36
C. Prepaid expenses	364,085.50	282,676.30
	21,715,807.10	20,482,112.74

liabilities

	12/31/2018	12/31/2017
	EUR	EUR
A. Equity		
I. Drawn capital	2,720,000.00	2,720,000.00
II. Capital Reserve	111,461.63	111,461.63
III. profit carried forward	5,562,231.69	6,264,023.54
IV. Loss for the year	-1,295,124.96	-701,791.85
	7,098,568.36	8,393,693.32
B. Special item for investment grants	21,128.15	27,461.63
C. Provisions	1,525,836.09	1,601,777.40
D. Liabilities	13,070,274.50	10,459,180.39
- of which to banks: EUR 9,029,890.99 (previous year: EUR 6,392,765.09)		
- of which to affiliated companies: EUR 405,569.62 (previous year: EUR 244,439.69)		
- of which to companies in which an investment is held: EUR 181,974.83 (previous year: EUR 13,892.83)		
- of which to shareholders: EUR 10,24,758.20 (previous year: EUR 581,450.81)		
	21,715,807.10	20,482,112.74

Profit and Loss Account for the period from January 1st to December 31st 2018**of 3B Scientific GmbH, Hamburg**

	2018	2017
	EUR	EUR
1. Raw Score	16,606,874.43	17,366,442.53
2. Personnel expenses		
a) Wages and salaries	8,251,137.78	8,301,880.41
b) Social security contributions and pension expenses	1,674,224.51	1,592,901.14
	9,925,362.29	9,894,781.55

	2018	2017
	EUR	EUR
3. Depreciation of intangible assets and property, plant and equipment	484,356.19	592,844.62
4. Other operating expenses	7,008,480.17	7,402,329.23
	-811,324.22	-523,512.87
5. Income from long-term loans	8,717.99	4,084.32
6. Other interest and similar income	42,998.65	59,372.45
7. Interest and Similar Expenses	520,773.40	286,405.86
8. Income taxes	10,393.61	-49,111.05
9. Earnings after tax	-1,290,774.59	-697,350.91
10. Other Taxes	4,350.37	4,440.94
11. Net Loss	-1,295,124.96	-701,791.85
