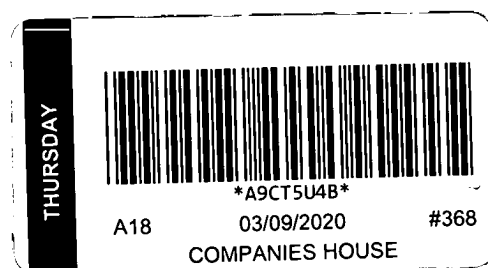


Company Registration No. 07251485

Alpha Membrane Technologies Limited

**Annual report and financial statements
For the year ended 31 December 2019**



Alpha Membrane Technologies Limited

Annual Report and Financial statements For the year ended 31 December 2019

Contents	Page
Company information	1
Report of the directors	2-5
Strategic report	6-7
Independent auditor's report	8-11
Consolidated statement of comprehensive income	12
Consolidated statement of financial position	13-14
Parent company statement of financial position	15
Consolidated statement of changes in equity	16
Parent company statement of changes in equity	17
Consolidated cashflow statement	18-19
Parent company cashflow statement	20
Notes to the consolidated financial statements	21-65

Alpha Membrane Technologies Limited

Annual Report and Financial statements For the year ended 31 December 2019

Company information

Company registration number

07251485

Registered office

Springfield House, 2nd Floor
Springfield Road
Horsham
West Sussex
RH12 2RG
United Kingdom

Directors

Dr. Juchem
Mr R Simon
Mr R Black

Independent auditor

BDO LLP
55 Baker Street
London
W1U 7EU
United Kingdom

Alpha Membrane Technologies Limited

Report of the directors

The directors present their report and the audited financial statements of the Group and parent company for the 12 months ended 31 December 2019.

The directors holding office during the year 2019 were Dr. Juchem, Mr. R. Simon and Mr. R. Black.

Information included in the strategic report

The strategic report includes information on key performance indicators, a review of the business, information on the principal risks and uncertainties facing the Group as well as information on future developments.

Results and dividends

The results after tax for the year of €1,188,161 (2018: €-1,466,268) and the Group's financial position at the end of the year is shown in the attached financial statements.

The directors have not recommended a dividend.

Key performance indicators and going concern

The Group made a net profit after tax for the year ended 31 December 2019 of €1,188,161 (2018: €-1,466,268). The directors have reviewed the anticipated level of future trading of the Group for the period of 12 months from the date of signing the financial statements. Based on this review the directors have concluded that the financial statements should be prepared on a going concern basis. Further detail is presented in note 2.2, which includes information on the directors' assessment of the impact of COVID-19, which is not considered to give rise to a material uncertainty that may cause a significant doubt over the ability of the Group and company to continue as a going concern.

Financial risk management objectives and policies

The Group's principal financial instruments comprise loans, silent partnerships and short-term deposits. The main purpose of these financial instruments is to raise funds for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The measures taken by management to manage each of these risks are summarised below.

Credit risk

The Group mostly does business with companies. Prepayments are usually agreed in project business and for large trade orders. Deliveries of manufacturing plant, particularly abroad, are generally only executed when customers provide a corresponding letter of credit. The maximum risk of default is limited to the carrying amounts of trade receivables, final receivables from construction contracts, smaller orders in module business and receivables in spare parts and service business.

Alpha Membrane Technologies Limited

Report of the directors (Continued)

Interest rate risk

There is no significant interest rate risk in the Group, since the majority of loan agreements as well as the contract for silent participation were entered into with fixed interest rates.

Foreign currency risk

Since all significant agreements as a rule are only concluded in EUR, currency risks are low. If individual projects have to be entered into on a Dollar basis, then those are followed-up with currency hedging.

In 2014 the Group received a debenture loan of CAD500k which was partially repaid in 2019. If the currency had weakened/strengthened by 5% against the Canadian dollar with all other variables held constant, the recalculated loss would have been €1,534 higher/lower (calculated on an annual basis), mainly as a result of foreign exchange gains/losses on payable interest. The Group considers a shift in the exchange rates of 5% to be a realistic scenario.

Furthermore, in 2017 the Group received a loan of GBP450k repayable in 2019 which was fully repaid (including interest) on time.

Liquidity risk

The Group continually monitors its risk of a shortage of funds using short-term liquidity planning. This takes account of the terms of financial assets and expected cash flows from business activities.

Loans are primarily used for financing working capital requirement of construction projects. A subsidiary also applied for and been granted a special loan of €3,000K by KfW – Kreditanstalt für Wiederaufbau in 2020.

Current liquidity is partially covered by shareholder loans. Remaining shareholder loans are extended beyond the existing term if necessary.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a stronger credit rating and healthy leverage ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions.

Since the Group essentially manages capital based on the figures in the separate financial statements pursuant to German GAAP of Alpha Plan GmbH and IDT GmbH, it has elected not to present a quantitative breakdown of the capital.

Alpha Membrane Technologies Limited

Report of the directors (Continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements and the financial statements of the parent company in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether the group financial statements comply with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Information provided to independent auditor

The directors at the date of approval of this report confirm that:

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all the steps that ought to have been taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Alpha Membrane Technologies Limited

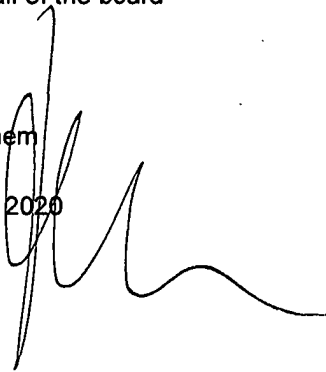
Report of the directors (Continued)

Independent auditor

BDO LLP has expressed their willingness to continue in office and a resolution for their reappointment will be proposed at the forthcoming annual general meeting.

On behalf of the board

Dr. Juchem
Director
29 June 2020

A handwritten signature in black ink, appearing to be 'Dr. Juchem', written over the printed name and date.

Alpha Membrane Technologies Limited

Strategic report

The directors present their strategic report of the group for the 12 months ended 31 December 2019.

Principal activities and business review

The Group consists of three operating businesses, namely Alpha Plan, IDT and Cellab.

Alpha Plan mainly manufactures and trades in equipment for production of disposables for medical use and trades in components for disposable production. Its principal products are assembling lines for dialyzer production, components of dialyzers and customized membrane based modules for life science applications. Alpha Plan's trade is predominantly in China and Germany but also in South Korea and in other parts of the world.

The principal activity of IDT is the production and sale of dialyzers as OEM manufacturer. Based on signed supply contract for next two years IDT continues to make progress in its OEM business.

Cellab's principal activity is the commercialization and distribution of consumables for biotechnical and diagnostic applications. Cellab expects an increase in sales volumes in a medium-term perspective.

The Group has achieved an overall profit from operations for the year of €1,188,161 which mainly results from start of seven new projects in 2019 with a total sales volume of €25,707,300. The positive development was offset by a reduction in IDT revenues of €697K. With the start of the new projects, the completing of two projects and the near-finalisation of another three plants, Alpha Plan was able to generate a stand-alone operating profit of €2 million, while IDT generated a stand-alone loss of €694K.

Future development

The Group performance for the new business year 2020 is mainly covered by existing projects and contracts. As per budgets 2020 the Group schedules an overall revenue on the level of last year and with an overall profit from operations of more than €900K. However, negative effects from the COVID-19 pandemic cannot be outruled. These risks are further explained below.

Principal risks and uncertainties

Operating risks

The principal risk the Group faces is operating in a competitive environment with the consequential pressure on margins from costumers and from increases in input costs. In the main market China the group has to face stronger competition by domestic suppliers.

Furthermore, the group has to consider uncertainties in the timing of investment decisions by customers and in the timing of new projects' start times after decisions are made and politico-economic uncertainties like sanction policy. The group is diligent in preparing internal plans and forecasts to aid its ongoing development.

The Group's activities expose it to certain financial risks. The Group monitors these risks but does not consider it necessary to use any derivative financial instruments to any significant degree to hedge these risks. These risks are further discussed in note 30 to the consolidated financial statements.

Alpha Membrane Technologies Limited

Strategic report (continued)

Credit risk

The Group monitors credit risk closely and considers that its current policies of credit checks meet its objectives of managing exposure to credit risk.

The Group has no significant current concentrations of exposure to credit risk. Amounts shown in the statement of the financial position best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments.

Liquidity risk

The Group's exposure to liquidity risk and its approach to managing this risk are set out in the Director's report.

COVID-19 pandemic risks

The outbreak and spread of the COVID-19 pandemic has serious economic and financial implications worldwide and may lead to potential delays in the acquisition of new projects in China and in other countries if investment decisions are postponed. The travel restrictions that had been in effect in the first half of the year 2020 delayed the commissioning of projects in China, including the site acceptance tests, although these have since been completed and this is not considered to have any effect on the turnover of three major projects in 2020. Further developments are dependent on whether any "second wave" of the spread of the virus takes place and any reintroduction of government travel and other restrictions. This will affect when new investment decision will be made by customers after the end of the COVID-19 pandemic.

Possible effects of the COVID-19 pandemic on the Group's net assets, financial position and results of operations are continuously analysed and addressed. At the time of preparation of this report, there was no evidence that the continued existence of the company is materially threatened by the effects of the COVID-19 pandemic. Further details are provided in note 2.2. in the accompanying financial statements.

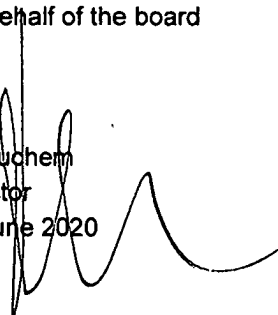
Key Performance Indicators

The Group uses a range of key performance indicators ("KPIs") to monitor the performance of the business on ongoing basis. Financial measures include Revenue, Gross Margin and Profit from operations, which are all line items disclosed on the face of the profit and loss account on page 12.

Revenue increased by 82% compared to the previous year which mainly results from start of new projects in 2019. This allowed the Group to achieve a gross profit of €5,046,762 (2018: €2,106,084). The profit before tax is €899,112 compared to €-1,495,616 in 2018.

On behalf of the board

Dr. Juchem
Director
29 June 2020



Alpha Membrane Technologies Limited

Independent Auditor's Report to members of Alpha Membrane Technologies Limited

Opinion

We have audited the financial statements of Alpha Membrane Technologies Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2019 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statement of changes in equity and the consolidated and company cash flow statements, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2019 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Alpha Membrane Technologies Limited

Independent Auditor's Report to members of Alpha Membrane Technologies Limited (continued)

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the strategic report and report of the directors, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Alpha Membrane Technologies Limited

Independent Auditor's Report to members of Alpha Membrane Technologies Limited (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Alpha Membrane Technologies Limited

Independent Auditor's Report to members of Alpha Membrane Technologies Limited (continued)

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Marc Reinecke (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

1 July 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Alpha Membrane Technologies Limited

Consolidated statement of comprehensive income For the year ended 31 December 2019

	Note	2019 €	2018 €
Revenue	6	23,874,924	13,124,985
Cost of Sales	7	<u>(18,828,162)</u>	<u>(11,018,901)</u>
Gross Profit		5,046,762	2,106,084
Other operating income	8	265,090	491,429
Distribution expenses	9	(1,257,353)	(886,893)
Administrative expenses	10	(1,907,459)	(1,947,612)
Research and development expenses	11	(152,455)	(206,314)
Other operating expenses	12	<u>(549,941)</u>	<u>(625,682)</u>
Profit / (loss) from operations		1,444,644	(1,068,988)
Finance income	14	377	10,490
Finance expenses	15	<u>(545,909)</u>	<u>(437,118)</u>
Profit / (loss) before tax		899,112	(1,495,616)
Tax income	16	<u>289,049</u>	<u>29,348</u>
Profit / (loss) for the year		<u>1,188,161</u>	<u>(1,466,268)</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income / (expense)		<u>1,188,161</u>	<u>(1,466,268)</u>
Profit / (loss) for the year and total comprehensive income / (expense) attributable to:			
Owners of parent company		1,260,014	(1,439,253)
Non-controlling interest	25	<u>(71,853)</u>	<u>(27,015)</u>
		<u>1,188,161</u>	<u>(1,466,268)</u>

Alpha Membrane Technologies Limited

Consolidated statement of financial position As at 31 December 2019

	Note	31 December 2019 €	31 December 2018 €
Assets			
Non-current assets			
Intangible assets	17	147,211	320,887
Property, plant & equipment	19	3,962,861	4,698,101
Right-of-use assets	20	1,895,817	-
Financial assets	23	32,706	257,380
Deferred tax assets	16	77,393	-
		<u>6,115,988</u>	<u>5,276,368</u>
Current assets			
Inventories	21	676,458	771,057
Trade receivables	22	212,363	1,901,901
Contract asset	32	3,505,699	333,055
Other financial and non-financial assets	23	2,459,941	1,349,348
Cash and cash equivalents		<u>2,702,910</u>	<u>1,138,398</u>
		<u>9,557,371</u>	<u>5,493,759</u>
		15,673,359	10,770,127
Equity & Liabilities			
Equity			
Share capital	24	67,974	67,974
Share-based payment reserve		299,317	299,317
Capital reserve		5,301,975	5,301,975
Retained losses		<u>(5,916,950)</u>	<u>(7,176,964)</u>
		<u>(247,684)</u>	<u>(1,507,698)</u>
Non-controlling interest	25	<u>160,843</u>	<u>232,696</u>
Total equity		<u>(86,841)</u>	<u>(1,275,002)</u>
Non-current liabilities			
Trade and other payables	29	235,408	295,112
Silent participation	27	504,500	566,450
Loans and borrowings from bank / hire purchase	26	12,290	51,278
Loans and borrowings from shareholders / related parties / others	26	3,465,875	2,318,453
Lease obligations	26	1,492,306	-
Deferred government grants	28	262,206	298,066
Deferred tax liability	16	-	197,656
		<u>5,972,585</u>	<u>3,727,015</u>

Alpha Membrane Technologies Limited

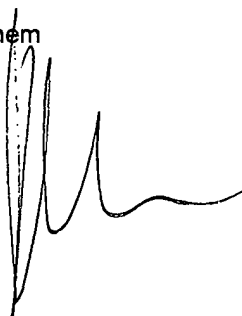
Consolidated statement of financial position (continued) As at 31 December 2019

	Note	31 December 2019 €	31 December 2018 €
Current liabilities			
Trade and other payables	29	976,157	1,172,447
Contract liability	32	6,488,907	3,436,544
Silent participation	27	40,333	220,400
Loans and borrowings from bank / hire purchase	26	38,832	411,833
Loans and borrowings from shareholders / related parties / others	26	582,160	1,623,575
Lease obligations	26	454,320	-
Deferred government grants	28	37,354	60,027
Other financial and non-financial liabilities	29	1,169,552	1,393,288
		<u>9,787,615</u>	<u>8,318,114</u>
		15,673,359	10,770,127

The notes on page 21 to 65 form an integral part of these financial statements.

These financial statements were approved and authorised for issue by the Board of directors on 29 June 2020 and are signed on its behalf by:

Dr. Juchem
Director



Alpha Membrane Technologies Limited

Parent company statement of financial position As at 31 December 2019

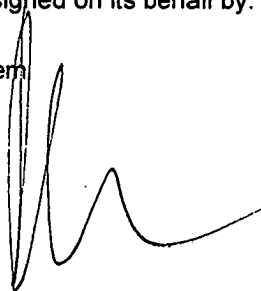
	Note	31 December 2019 €	31 December 2018 €
Assets			
Non-current assets			
Investments	18	25,000	25,000
Loans	23	-	4,965,535
Current Assets			
Loans	23	4,250,611	-
Other financial and non-financial assets	23	763,386	803,254
Cash and cash equivalents		16,766	25,525
		5,055,763	5,819,314
Equity & Liabilities			
Equity			
Share capital	25	67,974	67,974
Share-based payment reserve		299,317	299,317
Retained earnings		3,811,316	3,810,495
		4,178,607	4,177,786
Current liabilities			
Trade and other payables	29	486,555	488,379
Loans and borrowings	26	390,601	1,153,149
		5,055,763	5,819,314

In accordance with section 408 of the Companies Act 2006, the Company has exercised the option not to publish its own income statement for the year ended 31 December 2019. The parent company's profit for the year was € 821 (prior year: loss € -149,774).

The notes on page 21 to 65 form an integral part of these financial statements.

These financial statements were approved and authorised for issue by the Board of directors on 29 June 2020 and are signed on its behalf by:

Dr. Juchem
Director



Alpha Membrane Technologies Limited

Consolidated statement of changes in equity For the year ended 31 December 2019

	Note	Share capital €	Share-based payment reserve €	Capital reserve €	Retained losses €	Sub-total equity €	Non- controlling interest €	Total equity €
As of 1 January 2018		67,974	299,317	3,991,428	(5,737,711)	(1,378,992)	2,084,442	705,450
Loss for the year		-	-	-	(1,439,253)	(1,439,253)	(27,015)	(1,466,268)
Other non-comprehensive income		-	-	-	-	-	-	-
Change in non-controlling interest		-	-	1,310,547	-	1,310,547	(1,824,731)	(514,184)
As of 31 December 2018		67,974	299,317	5,301,975	(7,176,964)	(1,507,698)	232,696	(1,275,002)
Opening adjustment:								
Adoption of IFRS 16	4.1	-	-	-	-	-	-	-
As of 1 January 2019		67,974	299,317	5,301,975	(7,176,964)	(1,507,698)	232,696	(1,275,002)
Profit / (Loss) for the year		-	-	-	1,260,014	1,260,014	(71,853)	1,188,161
Other non-comprehensive income		-	-	-	-	-	-	-
As of 31 December 2019		67,974	299,317	5,301,975	(5,916,950)	(247,684)	160,843	(86,841)

Alpha Membrane Technologies Limited

Parent company statement of changes in equity For the year ended 31 December 2019

	Note	Share capital €	Share-based payment reserve €	Retained earnings €	Total equity €
As of 31 December 2017		67,974	299,317	4,621,271	4,988,562
Opening adjustment:					
Adoption of IFRS 9		-	-	(661,002)	(661,002)
As of 1 January 2018		67,974	299,317	3,960,269	4,327,560
Loss for the year		-	-	(149,774)	(149,774)
As of 31 December 2018		67,974	299,317	3,810,495	4,177,786
Opening adjustment:					
Adoption of IFRS 16	4.1	-	-	-	-
As of 1 January 2019		67,974	299,317	3,810,495	4,177,786
Profit for the year		-	-	821	821
As of 31 December 2019		67,974	299,317	3,811,316	4,178,607

Alpha Membrane Technologies Limited

Consolidated cash flow statement For the year ended 31 December 2019

	Note	2019 €	2018 €
Cash flows from operating activities			
Profit / (loss) for the year		1,188,161	(1,466,268)
Adjustments for:			
- Tax income	16	(289,049)	(29,348)
- Depreciation and amortisation	17, 19	1,167,971	1,202,950
- Depreciation right-of-use asset	20	501,946	-
- Loss on disposal of property, plant and equipment, net of finance lease surrendered	17, 19	85	76,947
- other non-cash items		200,000	-
- Net finance expenses	14, 15	545,532	426,628
- Release of government grant income	28	(58,533)	(129,920)
		<u>3,256,113</u>	<u>80,989</u>
 (Increase) / Decrease in trade and other receivables	22, 23	 (2,593,698)	 1,100,160
Decrease / (Increase) in inventories	21	94,599	(719,771)
Increase in trade and other payables	29	<u>2,344,840</u>	<u>2,673,932</u>
Cash generated from operations		3,101,854	3,135,310
 Interest paid	15	 (366,145)	 (195,394)
Income tax received / (paid)	16	14,000	(526,966)
Net cash flows from operating activities		2,749,709	2,412,950
Investing activities			
Purchase of intangible assets	17	(9,791)	-
Purchase of property, plant and equipment	19	(249,349)	(204,714)
Purchase of non-controlling interest	25	-	(514,184)
 Proceeds from the sale of short-term investments	23	 250,000	 -
Sale of property, plant and equipment	8	-	72,705
Interest received	14	<u>377</u>	<u>1,754</u>
Net cash used in investing activities		(8,763)	(644,439)
Financing activities			
Repayment of silent participation	27	(242,017)	(278,527)
Proceeds from issuance of loans	26	-	843,252
Repayments of loans - capital component	26	(355,397)	(1,818,830)
Repayment of lease liabilities	26	<u>(579,020)</u>	<u>-</u>
Net cash used in financing activities		(1,176,434)	(1,254,105)

Alpha Membrane Technologies Limited

Consolidated cash flow statement (continued) For the year ended 31 December 2019

	2019 €	2018 €
	<hr/>	<hr/>
Net increase in cash and cash equivalents	1,564,512	514,406
Cash and cash equivalents at the beginning of the year	1,138,398	623,992
Cash and cash equivalents at the end of the year	<hr/> 2,702,910	<hr/> 1,138,398

Alpha Membrane Technologies Limited

Company cash flow statement For the year ended 31 December 2019

	Note	2019 €	2018 €
Operating activities			
Profit / (loss) for the year		821	(149,774)
Adjustments for:			
- Reversal of impairment against amounts due from subsidiaries	23	(84,044)	(21,130)
- Net finance expenses		1,499	131,209
		(81,724)	(39,695)
Decrease / (increase) in trade receivables and other receivables	22, 23	122,516	(79,658)
Decrease in trade and other payables	29	(1,824)	(162,773)
Net cash flows generated from / (used in) operating activities		38,968	(282,126)
Investing activities			
Repayment of loan from subsidiaries	23	797,507	285,708
Net cash generated from investing activities		797,507	285,708
Financing activities			
Repayment of loans to shareholders of the company	26	(845,234)	(22,305)
Net cash (used in) financing activities		(845,234)	(22,305)
Net (decrease) in cash and cash equivalents		(8,759)	(18,723)
Cash and cash equivalents at the beginning of the year		25,525	44,248
Cash and cash equivalents at the end of the year		16,766	25,525

1. Corporate information

Alpha Membrane Technologies Limited ("AMT" or "the Company") is registered in England and Wales. It is a holding company which has a management function for its subsidiaries.

The principal activities of the Group are the manufacture and sale of equipment and technology for the production of disposables for medical use, the sale of components for their production and OEM manufacturing of disposables for medical use as well as the development and manufacturing of membrane-based modules for life science applications.

2. Significant accounting policies

2.1. Basis of preparation

The consolidated and parent company financial statements of Alpha Membrane Technologies Limited have been prepared in accordance with the provisions of the Companies Act 2006 and International Financial Reporting Standards (IFRS) as adopted by the EU. All IFRSs applicable for the year ended 31 December 2019 and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) were adopted to the extent that these have been adopted by the European Union.

New or revised standards and interpretations becoming effective for the year ended 31 December 2019 had significant effects on the accompanying consolidated financial accounts. We refer to Note 4.1 for details.

The consolidated financial statements of Alpha Membrane Technologies Limited are prepared in Euros on a historical cost basis. This does not apply to financial assets measured at fair value. All values are given in Euros (€) except when otherwise indicated. The rate of exchange between Euro and GBP was 1.171 as at 31 December 2019.

The Group has also decided to present research and development costs as a separate line item in the statement of profit and loss.

2.2. Going Concern

The financial statements have been prepared on a going concern basis. The Directors are proceeding on the basis that the Group has adequate resources to continue its business activities over the foreseeable future.

The contract value of machines under construction at year end 2019 amounted to €42 million. Whilst the directors are confident in achieving a sufficient number of new orders on a timely basis, additional financing has also been secured as explained below to ensure that the Group has sufficient committed funds for the foreseeable future.

The outbreak and spread of the COVID-19 pandemic has serious economic and financial implications worldwide and may lead to potential delays in the acquisition of new projects in China and in other countries if investment decisions are postponed. The travel restrictions that had been in effect in the first half of the year 2020 delayed the commissioning of projects in China, including the site acceptance tests, although these have since been completed and this is not considered to have any effect on the turnover of three major projects in 2020. However, if one or more project completions are deferred until 2021, the revenue and earnings expectations for 2020 will

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

be affected. However, the Group has the necessary financing arrangements in place to mitigate the cash flow impacts of any such project execution risk. Further developments are dependent on whether any "second wave" of the spread of the virus takes place and any reintroduction of government travel and other restrictions.

In Germany, various government support programs have been set up to lessen the economic effects of the pandemic. Alpha Plan GmbH has applied for and been granted a special loan of EUR 3,000K by KfW – Kreditanstalt für Wiederaufbau. The operating loan will diminish any potential liquidity risk in the Group due to the postponement of new projects and project completions.

Possible effects of the COVID-19 pandemic on the Group's net assets, financial position and results of operations are continuously analysed and addressed. At the time of preparation of this report, there was no evidence that the continued existence of the company is materially threatened by the effects of the COVID-19 pandemic as key jurisdictions in which the Group and its customers operate are well underway in the easing of government travel and other restrictions.

2.3. Basis of consolidation

The consolidated financial accounts include the financial accounts of Alpha Membrane Technologies Limited and its subsidiaries to 31 December 2019:

- Alpha Plan Holding GmbH, Radeberg / Germany (direct ownership);
- Alpha Plan GmbH, Radeberg / Germany (indirect ownership via Alpha Plan Holding GmbH);
- Cellab GmbH, Radeberg / Germany (indirect ownership via Alpha Plan Holding GmbH);
- Trillium Fiber Technologies AG, Zurich / Switzerland (indirect ownership via Alpha Plan Holding GmbH);
- IDT Holding GmbH, Radeberg / Germany (indirect ownership via Alpha Plan Holding GmbH);
- International Dialyzer Technologies GmbH, Radeberg / Germany (indirect ownership via IDT Holding GmbH).

By public deed of 21 March 2018 the General Assembly of Trillium Fiber Technologies AG has decided upon the liquidation of this company. Liquidation was completed in 2020 with the deregistration of the company from the Commercial Register of Zurich on 19 May 2020.

The financial statements of the subsidiaries are prepared as of the same reporting date as the financial statements of the parent company, using uniform accounting policies.

Subsidiaries are fully consolidated as of the date when the Group obtains control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangements with the other vote holders of the investee;
- rights arising from other contractual arrangements;
- the Group's voting rights and potential voting rights.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

Inclusion in the consolidated financial statements ends as soon as control by the parent company ceases. Intercompany balances, transactions, income and expenses and profits and losses resulting from intercompany transactions are eliminated in full.

The total comprehensive income of non-wholly owned subsidiaries is attributed to the owners of the parent and to the non-controlling interests in proportion to their relative ownership interests.

Losses will also be attributed to non-controlling interests, even if this leads to a negative balance.

2.4. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Company has elected to measure the non-controlling interest in the acquiree at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Goodwill is initially measured at cost being the excess of the consideration transferred over the Group's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

2.5. Transactions denominated in foreign currency

The consolidated financial statements are presented in Euros, which is the Group's presentation currency and the functional currency of all undertakings included in the consolidation. Transactions denominated in foreign currency are translated to the functional currency at the spot rate prevailing on the transaction date. As of the end of the reporting period, monetary assets and liabilities in currencies other than Euros are translated to the functional currency at the closing rate. Currency translation differences are recognised in profit or loss.

2.6. Calculation of fair value

All assets and liabilities recognised at fair value in the financial statements are classified within the fair value hierarchy described as follows. The classification is based on the input of the lowest level with significance to fair value.

- Level 1 – quoted (not adjusted) prices in active markets for identical assets or liabilities.
- Level 2 – the input is directly or indirectly observable in the market.
- Level 3 – the input is not observable in the market.

The Group decides if reclassifications have taken place between the hierarchical levels, by examining the classification at the end of each reporting period.

Notes to the consolidated financial statements (continued)
For the year ended 31 December 2019

2.7. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Development costs which do not qualify for recognition as an intangible asset are reflected in the income statement as incurred.

Intangible assets with finite lives are amortised over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The assets' residual values, useful lives and methods of depreciation are reviewed at each year end and adjusted prospectively, if appropriate. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement according to the function of the asset when the asset is derecognised.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

Following their initial recognition at cost, development costs are reported net of accumulated amortisation and accumulated impairment losses. The amortisation commences on the conclusion of the development phase and from the time that the asset can be used and is recognised in cost of sales over the period of expected future use of three to five years.

Other intangible assets

A summary of the accounting principles applied to the Group's intangible assets (excluding goodwill) is as follows:

Software, know-how, licences and patents

The software, know-how and licences are purchased intangibles. The patents were acquired as part of a company merger. Operating software is amortised over an expected useful life of four years, know-how over 10 years, licences over 10 years and patents over 15 years. These assets are measured at purchase or production cost less accumulated amortisation or impairment losses. Amortisation is recognised straight-line over the expected useful life. Impairment tests are carried out throughout the year if there are indications of an impairment.

Acquired contract

The contract was purchased as part of a company merger. The acquired contract is amortized over an expected useful life of five years. The contract is measured at purchase cost less accumulated amortisation or impairment losses. Amortisation is recognised straight-line over the expected useful life. Impairment tests are carried out throughout the year if there are indications of an impairment.

Notes to the consolidated financial statements (continued)
For the year ended 31 December 2019

2.8. Investments in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any impairment provisions.

2.9. Property, plant and equipment

Property, plant and equipment that is not acquired in a business combination is stated at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment acquired in a business combination is its fair value as of the date of acquisition. Depreciation is recognised on a straight-line basis over the estimated useful life of the assets.

The carrying amounts of property, plant and equipment are tested for impairment as soon as there is any indication that the carrying amount of an asset exceeds its recoverable amount.

Overview of useful life of property, plant and equipment

	2019	2018
Land	indefinite	indefinite
Buildings and warehouses	50 years	50 years
External grounds	10-50 years	10-50 years
Technical plant and equipment	5-19 years	5-19 years
Office and business equipment	3-14 years	3-14 years

Land is not depreciated.

An item of property, plant and equipment and components thereof are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each year end and adjusted prospectively, if appropriate.

2.10. Right-of-use assets

The Group recognizes a right-of-use asset on the date of commencement (i.e. the date on which the underlying leased asset is ready for use). Right-of-use assets are measured at cost less any accumulated impairment losses and are adjusted for any revaluation of the lease liability. The acquisition costs include the recorded lease liabilities (see note 2.21), the initial direct costs incurred and the lease payments made on or before commencement, less any lease incentives received.

Rights of use are generally amortised over 3 to 8 years for rights equivalent to land and over 3 to 4 years for motor vehicles and other equipment.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease contract transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated balance sheet.

The right-of-use assets are also tested for impairment. For details on the accounting policies see note 2.12 'Impairment of non-financial assets'.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy (note 2.9).

2.11. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.12. Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If there are signs of impairment or if an annual impairment test is required, the Group makes a formal estimate of the recoverable amount. The recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. The recoverable amount has to be determined for every asset, unless an asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If the carrying amount of an asset exceeds its recoverable amount, the asset is described as impaired and written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their net present value using a pre-tax discount rate that reflects current market assessments with regards to interest effects and the specific risk of the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses attributable to continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets other than goodwill, the Group assesses at each end of the reporting period whether there is any indication that an impairment loss recognised for an asset in prior years may no longer exist or have decreased. If such indications exist, the recoverable amount is estimated. A previously recognised impairment loss is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If applicable, the carrying amount of the asset is increased to its recoverable amount. The increased carrying amount may not exceed the carrying amount that would have been determined after amortisation or depreciation had no impairment loss been recognised for the asset in prior years.

After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Notes to the consolidated financial statements (continued)
For the year ended 31 December 2019

2.13. Investments and other financial assets

Classification of financial assets

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at Fair Value through Profit and Loss (FVtPL):

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

A debt investment is measured at Fair Value through Other Comprehensive Income (FVtOCI) if it meets both of the following conditions and is not designated as at FVtPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and through sale; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVtOCI as described above are measured at FVtPL. On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Upon initial recognition, financial assets which fulfil the SPPI-criteria are measured at fair value. Transaction costs directly attributable to the acquisition of financial assets increase the fair value of the financial assets on initial recognition. In the case of purchases and sales of financial assets that are customary in the market, they are recognised on the settlement date, i.e. the date on which an asset is delivered to or by the company.

Subsequent measurement

Financial assets measured at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments that are not held for trading are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Impairment of financial assets

The Group assesses at each end of the reporting period whether a financial asset or Group of financial assets is impaired.

Write-off of financial assets

A financial asset is written off when the contractual rights to cash flows from a financial asset have expired.

Notes to the consolidated financial statements (continued)
For the year ended 31 December 2019

2.14. Inventories

Inventories are measured at the lower of cost or net realisable value.

Acquisition cost includes the purchase price, import duties and other taxes, provided these are not recoverable from the fiscal authorities, as well as transport, processing and other costs directly attributable to the purchase of manufactured items, materials and services. Early payment discounts and bonuses and similar sums are offset when calculating the acquisition cost.

The costs of purchase of materials and supplies are determined using the weighted average cost method. Adequate write-downs are recorded for slow-moving inventories.

2.15. Trade accounts receivable and other receivables

Trade receivables and other receivables are recognised at acquisition cost. Trade receivables with a term of less than twelve months are reported under current assets. The Group uses the simplified expected credit loss model and records the expected credit losses for financial assets over the term.

Certain of the Group's customers are required to provide letters of credit in order to guarantee and expedite payment to the Group for the purchase of goods. The Group's receivables are derecognised, and the receipt of cash is recorded, at the point the receivable is settled through receipt of cash from the customer's bank.

In these financial statements the Group has reclassified advance payments to subcontractors previously included in Inventories as work in progress from Inventories to Other non-financial assets. The amount reclassified at 31 December 2018 was €822,723. There was no effect on current assets, total assets, equity or the result for the year.

2.16. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash and bank deposits with a term of less than three months.

Cash in hand and cash at banks are recognised at nominal amounts.

2.17. Loans and silent participations

Interest bearing loans and silent participations are initially recognised at fair value. Following initial recognition, these are measured at amortised cost. Amortised cost usually equals the amount received except for non-interest bearing loans. Loans and silent participations are subsequently measured using the effective interest method by increasing the carrying amount to reflect the passage of time until the repayment amount is reached at the end of the term. The directors consider the participation features of silent participations to be immaterial to the financial statements.

Non-interest bearing loans are initially recognised at fair value. In subsequent periods they are measured at amortised cost using the effective interest method. Waivers of interest on shareholder loans are treated as capital contributions.

Notes to the consolidated financial statements (continued)
For the year ended 31 December 2019

When the maturity or interest rate of a financial liability changes, the directors evaluate whether an exchange of debt instruments with fundamentally different contract conditions exists. These contract terms are substantially different if the discounted present value of the cash flows under the new terms differs by at least 10 percent on a cumulative-charge basis from the discounted present value of the remaining cash flows of the original terms. When an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees are recorded as part of the gain or loss on redemption.

2.18. Financial liabilities

Financial liabilities are recognised when a Group company becomes a party to the contractual provision of the financial instrument. In accordance with IFRS 9, all financial liabilities of the Group are measured at amortized cost using the effective interest method.

Write-off of financial liabilities

A financial liability is derecognised when the obligation on which the liability is based has been fulfilled, expired or expired.

2.19. Other non-financial liabilities

Upon initial recognition, financial liabilities are recognised at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method.

2.20. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

2.21. Leases

The Group assesses whether a contract constitutes or contains a lease, at inception of the contract. The Group recognises a right-of-use asset (see note 2.10) and a corresponding lease liability with respect to all lease arrangements in which it is the lessee. Exceptions to this are short-term leases (term of no more than 12 months) which are not regularly renewed and leases for low-value assets (present value less than USD 5,000). For these leases, the Group recognizes the lease payments on a straight-line basis over the term of the lease as expenses within the respective functional areas.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the Group's incremental borrowing rate.

Lease liabilities are shown as a separate item in the balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect the interest on the lease liability (using the effective interest method) and reducing the carrying amount to reflect the lease payments made.

Notes to the consolidated financial statements (continued)
For the year ended 31 December 2019

The Group remeasures the lease liabilities and adjusts the corresponding right-of-use asset accordingly whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option. In this case, the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payment changes due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is measured by discounting the revised lease payments using an unchanged discount rate (unless the payment change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- a lease is modified and the lease modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The group did not make any such adjustments during the period presented.

2.22. Revenue recognition

Revenues will be recognised to the extent that control of the goods or services provided by the group has passed to the customer. In addition, the following conditions must be satisfied in order for revenue to be recognised:

Revenue from long-term construction contracts

Owing to their typically long-term nature, revenue from manufacturing contracts is recognised based on their percentage of completion. The percentage of completion is determined on the basis of the costs incurred up to the reporting date as a percentage of the total costs estimated for the project in question (cost-to-cost method). Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable (zero profit method). The group considers that it is appropriate to recognise revenue over time in these situations because it has an enforceable right to payment for performance completed to date, and the manufactured equipment does not have an alternative use to the group in the form in which it is manufactured.

The group's payment terms generally require a substantial proportion of the contract value to be settled by the customer on commencement of work, a further milestone payment on shipment / acceptance and a retention payment on the anniversary of site acceptance.

Sale of goods

Revenue from the sale of goods is recognised when control of the goods has passed to the buyer. This is generally the case upon delivery of the goods.

Rendering of services

Revenue from maintenance and other services is recognised by reference to the percentage of completion. The percentage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Notes to the consolidated financial statements (continued)
For the year ended 31 December 2019

2.23. Long-term construction contracts

Long-term construction contracts are recognised in accordance with the percentage-of-completion method. The applicable stage of completion is calculated by reference to the proportion of costs incurred relative to total expected costs. These contracts are disclosed as assets under "contract assets" or as liabilities under "contract liabilities". If billings exceed work in progress, long-term construction contracts are reported as a liability under trade payables.

2.24. Government grants

Government grants are recognised where there is reasonable certainty that the grant will be received and all attaching conditions will be complied with. When the grants relate to an expense item, they are recognised as income on a systematic basis to match the costs that they are intended to compensate. Where the grant relates to an asset, its value is credited to a deferred income account and is released to other operating income in the statement of comprehensive income over the expected useful life of the relevant asset by equal annual instalments.

2.25. Taxes

Current tax assets and liabilities

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

The directors periodically evaluate positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation. Additional tax liabilities are recognised where appropriate.

Deferred taxes

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting or taxable profit; and
- investments in subsidiaries where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profits will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and which is expected to apply when the deferred tax liabilities / assets are settled / recovered.

Notes to the consolidated financial statements (continued)
For the year ended 31 December 2019

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate taxes levied by the same tax authority on either:

- the same taxable Group company; or
- different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

3. Significant accounting estimates and judgements

The key accounting judgements and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next business year are discussed below.

3.1. Revenue recognition – percentage of completion method

The Group applies the percentage of completion ("POC") method in accounting for construction contracts as outlined in the summary of significant accounting policies (see note 2.23). The use of the POC method requires management to determine the stage of completion by reference to the contract costs incurred for work performed to date in proportion to the estimated total contract costs (cost-to-cost method). Based on the estimated stage of completion, a portion of the expected revenue is recognized. If circumstances arise that may change the original estimates of revenues, costs or extent of progress towards completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues, costs and/or profits and are reflected in the statement of comprehensive income in the period in which the circumstances that give rise to the revision become known to management. We refer to note 2.23 for more details.

3.2. Warranty provisions

Warranty terms of one year are used in the measurement of warranty provisions, corresponding to the warranty term contractually agreed with customers. Past experience is taken into account in the measurement of the warranty provision. Whilst it is assumed that future warranty expenses will reflect this past experience, any change in the future level of warranty costs is expected to give rise to variability in the Group's gross margin in future periods.

3.3. Damage compensation

IDT GmbH, a subsidiary of the Group, had entered into a settlement agreement in 2017 pertaining to deliveries carried out in 2017.

According to the settlement agreement, inter alia, the customer was entitled to credit future trade receivables of IDT arising over the period to December 2019 in an amount of €400K, causing costs for IDT in the amount of €200K. As this settlement did not take place until 31 December 2019, the customer is contractually entitled to receive a cash repayment of €400K. This amount is shown in 2019 as a repayment liability in other financial liabilities.

Notes to the consolidated financial statements (continued)
For the year ended 31 December 2019

3.4. Impairment of financial assets

Due to the impairment requirements of IFRS 9 "Financial Instruments", the Group is obliged to recognize expected losses and changes in expected losses at each balance sheet date to reflect the change in credit risk since the initial recognition of financial assets. The decision as to whether the value of a financial asset should be impaired is based on an individual assessment of the receivable, in particular taking into account the customer's payment history and compliance with the agreed payment terms. Due to the small number of customers, there is no grouping of customer balances by risk level.

At parent company level, the parent applies a rate of 10% for the expected credit loss provision against outstanding amounts due from directly or indirectly-owned subsidiaries. The percentages are evaluated on an annual basis and depends mainly on the ability of Alpha Plan Holding GmbH to generate cash flows sufficient to allow repayment of its loans to the parent company.

4. Adoption of new and revised standards

The Group has initially applied IFRS 16 from 1 January 2019. A number of other new standards are also effective from 1 January 2019 but they do not have a material effect on the Group's financial statements. Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these financial statements has not been generally restated to reflect the requirements of the new standards.

4.1. Impact of initial adoption of IFRS 16 Leases

Group as a lessee

In the current year, the Group has applied IFRS 16 (as adopted by the EU in October 2017) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

For transition to IFRS 16, the Group adopted the cumulative effect method, meaning that the assets were measured at the same value as the liability at the date of initial application.

The Group has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those contracts entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Notes to the consolidated financial statements (continued)
For the year ended 31 December 2019

In applying IFRS 16 for all leases (except as noted below), the Group:

- recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;
- recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss; and
- separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows.

Lease incentives are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses generally on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

For short-term leases (lease term of 12 months or less) that are not regularly renewed and leases of low-value assets (such as tablet and personal computers, small items of office furniture and telephones), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within the respective functional areas in profit or loss.

Using an interest rate of 6.5 %, the balance sheet total increased by €1,6 million to €12.4 million as of January 1, 2019, the date of the first-time adoption.

Former finance leases

The main differences between IFRS 16 and IAS 17 with respect to contracts formerly classified as finance lease is the measurement of the residual value guarantees provided by the lessee to the lessor. IFRS 16 requires that the Group recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have a material effect on the Group's consolidated financial statements.

Notes to the consolidated financial statements (continued)
For the year ended 31 December 2019

5. Standards issued but not yet effective

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) has issued new standards, interpretations and amended standards which are not yet effective for the year ended 31 December 2019 and which were not applied in the accompanying consolidated financial statements.

The Directors are proceeding on the basis that the following standards, interpretations and amendments to standards will not have a material impact on the income statement, net assets, financial position and results of operations or cash flows of the Group:

- IFRS 17, Insurance Contracts;
- Amendments to IFRS 3, Business Combinations;
- Amendments to IFRS 16, Leases;
- Amendments to IAS 1, Presentation of Financial Statements;
- Amendments to IAS 1, Presentation of Financial Statements, and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors;
- Amendments to IAS 39, IFRS 9 and IFRS 7 (Interest Benchmark Reform); and
- Amendments to References to the Conceptual Framework in IFRS Standards.

The aforementioned new standards, interpretations and amendments to standards are applied by the Group to the extent that they have been adopted by the European Union, are published in the Official Journal of the European Union and the standards, interpretations and amendments to standards are subject to mandatory application in accordance with the directive.

Alpha Membrane Technologies Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2019

6. Revenue

	2019 €	2018 €
Revenue		
Equipment manufacture	19,753,325	8,338,049
Dialyzer manufacture	3,531,664	4,228,930
Modules	<u>589,935</u>	<u>558,006</u>
	23,874,924	13,124,985

The sum attributable to orders not yet completed in the 2019 business year amounted to €15,998K (prior year: €6,087K).

7. Cost of sales

	2019 €	2018 €
Materials	11,056,116	4,792,724
Wages and salaries	5,059,938	4,039,836
Depreciation	1,428,519	1,102,499
Direct Transport / Travel	278,189	102,716
Other expenses	<u>1,005,400</u>	<u>981,126</u>
	18,828,162	11,018,901

Cost of sales contains cost of inventories recognised as an expense totalling €498K (prior year: €351K).

8. Other operating income

	2019 €	2018 €
Government and other grants	84,132	150,605
Sale of property, plant and equipment	4,994	75,536
Sundry income	<u>175,964</u>	<u>265,288</u>
	265,090	491,429

Alpha Membrane Technologies Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2019

9. Distribution expenses

	2019 €	2018 €
Marketing	119,558	205,611
Commissions	766,110	227,805
Wages and salaries	334,235	416,794
Depreciation	15,721	4,185
Other expenses	<u>21,729</u>	<u>32,498</u>
	1,257,353	886,893

10. Administrative expenses

	2019 €	2018 €
Wages and salaries	1,440,192	1,332,304
Legal and professional	83,835	191,445
Depreciation	166,061	84,023
Other expenses	<u>217,371</u>	<u>339,840</u>
	1,907,459	1,947,612

11. Research and development expenses

	2019 €	2018 €
Materials	-	1,555
Wages and salaries	107,297	130,263
Purchased services	-	27,400
Depreciation	14,908	12,241
Other expenses	<u>30,250</u>	<u>34,855</u>
	152,455	206,314

Alpha Membrane Technologies Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2019

12. Other operating expenses

	2019 €	2018 €
Loss on disposal of property, plant and equipment	85	149,653
Other expenses	<u>549,856</u>	<u>476,029</u>
	549,941	625,682

13. Employee benefits

	2019 €	2018 €
Salaries and wages	5,935,416	5,022,373
Social security contributions	<u>1,006,246</u>	<u>936,944</u>
	6,941,662	5,959,317

The employer's contributions to statutory pension insurance of €430K (prior year: €405K) are classified as payments under a defined contribution plan and are recognised in full in profit or loss accordingly.

Employee numbers	2019	2018
Managing Director	1	1
Industrial workers	79	77
Employees	<u>73</u>	<u>65</u>
	153	143

The parent company bears no employment costs nor does it have any employees, except as described in relation to directors (note 35).

14. Finance income

Finance income contains interest income only.

Notes to the consolidated financial statements (continued)
For the year ended 31 December 2019

15. Finance expenses

	2019 €	2018 €
Interest on loans and current account overdraft	491,859	363,216
Finance expense on silent participations	<u>54,050</u>	<u>73,902</u>
	545,909	437,118

Alongside the fixed return, the finance expense on silent participations includes a performance-based interest charge of €5K (prior year: €6K).

16. Tax income

	2019 €	2018 €
Corporate income tax	-	149
Tax adjustments in respect of prior years	<u>(14,000)</u>	<u>11,798</u>
<i>Current income tax</i>	(14,000)	11,947
<i>Deferred income tax</i>		
Origination and reversal of temporary differences	205,986	(134,210)
Tax losses	<u>(481,035)</u>	<u>92,915</u>
<i>Deferred income tax</i>	(275,049)	(41,295)
Tax income	(289,049)	(29,348)

A reconciliation between the tax expense and the product of income for the period and the Group's applicable tax rate for the years ended 31 December 2019 and 2018 is shown below:

Notes to the consolidated financial statements (continued)
For the year ended 31 December 2019

Reconciliation overview

	2019	2018
	€	€
Profit / (Loss) before tax	899,112	(1,495,616)
Income tax expense / (benefit) at tax rate of 29.125%	261,865	(435,600)
Losses for which no deferred tax asset is recognised	5,685	124,057
Income not taxable	(1,932)	(16,285)
Expenses not deductible for tax purposes	34,072	7,388
Adjustments in respect of prior periods	3,110	44,011
Benefit of using losses brought forward that were not held as an asset on the balance sheet	(600,654)	-
Losses brought forward not being recognised for lack of expected usability in future	8,805	247,080
Tax income	(289,049)	(29,349)

The adjustment of tax losses in 2019 of €601K results from the benefit of using losses brought forward that were not held as an asset on the balance sheet. In 2018, the adjustment of €247K was due to unrecorded losses carried forward.

The income tax rate of 29.125% breaks down into a corporate income tax rate of 15%, a solidarity surcharge of 0.825% and a trade tax rate of 13.3%. The trading activities of the Group are subject to the tax regime of Germany.

Overview of deferred tax assets / liabilities

	Statement of Financial Position		Statement of Comprehensive Income	
	2019	2018	2019	2018
	€	€	€	€
Origination and reversal of temporary differences	(728,392)	(522,406)	(205,986)	134,210
Tax losses	805,785	324,750	481,035	(92,915)
Deferred tax assets / (liabilities)	77,393	(197,656)		
Deferred tax income			275,049	41,295

Notes to the consolidated financial statements (continued)
For the year ended 31 December 2019

The deferred tax as of the reporting date comprises the following:

	2019 €	2018 €
Deferred taxes to 1 January	(197,656)	(238,952)
Credited to income statement	275,049	41,296
Deferred taxes to 31 December	77,393	(197,656)

The Group has unused tax losses in several operating subsidiaries with a total tax value of €1,904K for corporate income tax and trade tax purposes (prior year: €2,015K) that are available indefinitely for offsetting against future taxable profits of the relevant subsidiaries. Deferred tax assets have been recognised in respect of these losses to the extent that they may be used to offset deferred tax liabilities of these subsidiaries.

Deferred tax assets have not been recognised in respect of the losses of entities that are – in the view of the COVID-19 pandemic – not expected to generate sufficient taxable profits against which they can be offset and/or they may not be used to offset taxable profits elsewhere in the Group where the affiliated companies are in different tax jurisdictions.

The tax value of the tax loss carryforwards for which deferred tax assets have not been recognised is €1,098K (prior year: €1,690K).

Notes to the consolidated financial statements (continued)
For the year ended 31 December 2019

17. Intangible assets**Group**

2019	Acquired contract €	Software, know-how, li- censes and patents €	Development costs €	Total €
Cost at 1 January	-	831,724	960,539	1,792,263
Additions	-	9,791	-	9,791
Disposals	-	(10,076)	-	(10,076)
Cost at 31 December	-	831,439	960,539	1,791,978
Accumulated amortisation at 1 January	-	741,992	729,384	1,471,376
Amortisation	-	27,805	155,620	183,425
Disposals	-	(10,034)	-	(10,034)
Accumulated amortisation at 31 December	-	759,763	885,004	1,644,767
Carrying amount at 1 January	-	89,732	231,155	320,887
Carrying amount at 31 December	-	71,676	75,535	147,211

2018	Acquired contract €	Software, know-how, li- censes and patents €	Development costs €	Total €
Cost at 1 January	904,196	831,724	960,539	2,696,459
Disposals	(904,196)	-	-	(904,196)
Cost at 31 December	-	831,724	960,539	1,792,263
Accumulated amortisation at 1 January	904,196	678,963	552,395	2,135,554
Amortisation	-	63,029	176,989	240,018
Disposals	(904,196)	-	-	(904,196)
Accumulated amortisation at 31 December	-	741,992	729,384	1,471,376
Carrying amount at 1 January	-	152,761	408,144	560,905
Carrying amount at 31 December	-	89,732	231,155	320,887

Alpha Membrane Technologies Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2019

18. Asset investments

Parent company

Company name	Nature of business and registered office adress	Country	% of equity	Investments at 31 December 2019 and 2018 €
Alpha Plan Holding GmbH	Holding function Juri-Gagarin Straße 13a, 01454 Radeberg	Germany	100.00	25,000
Alpha Plan GmbH	Equipment for manufacturing of medical and other disposals Juri-Gagarin Straße 13a, 01454 Radeberg	Germany	100.00	-
Cellab GmbH	Sale of membrane-based modules Juri-Gagarin Straße 13a, 01454 Radeberg	Germany	100.00	-
Trillium Fiber Technologies AG	dormant Othmarstraße 8, 8008 Zürich	Switzerland	0.00	-
IDT Holding GmbH	Holding function Wilhelm-Rönsch-Straße 1, 01454 Radeberg	Germany	90.00	-
International Dialyzer Technologies GmbH	OEM manufacturing of medical disposals Wilhelm-Rönsch-Straße 1, 01454 Radeberg	Germany	90.00	-

Liquidation of Trillium Fiber Technologies AG was completed on 19 May 2020 upon its deregistration from the Companies Register of Zurich.

Alpha Membrane Technologies Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2019

19. Property, plant and equipment

2019	Land and buildings €	Plant and machinery €	Fixtures, fit- tings and equipment €	Total €
Cost at 1 January	1,739,318	7,423,368	1,676,401	10,839,087
Additions	-	109,762	139,587	249,349
Disposals	-	-	(17,292)	(17,292)
Cost at 31 December	1,739,318	7,533,130	1,798,696	11,071,144
Accumulated depreciation at 1 January	368,378	4,470,984	1,301,624	6,140,986
Depreciation	32,134	814,252	138,160	984,546
Disposals	-	-	(17,249)	(17,249)
Accumulated depreciation at 31 December	400,512	5,285,236	1,422,535	7,108,283
Carrying amount at 1 January	1,370,940	2,952,384	374,777	4,698,101
Carrying amount at 31 December	1,338,806	2,247,894	376,161	3,962,861

2018	Land and buildings €	Plant and machinery €	Fixtures, fit- tings and equipment €	Total €
Cost at 1 January	1,739,318	10,157,668	1,558,738	13,455,724
Additions	-	2,236	202,478	204,714
Disposals	-	(3,427,030)	(6,831)	(3,433,861)
Transfers	-	77,984	(77,984)	-
Re-classified to non-current assets held for sale	-	612,510	-	612,510
Cost at 31 December	1,739,318	7,423,368	1,676,401	10,839,087
Accumulated depreciation at 1 January	336,244	6,937,212	1,188,806	8,462,262
Depreciation	32,134	811,157	119,640	962,931
Disposals	-	(3,277,385)	(6,822)	(3,284,207)
Accumulated depreciation at 31 December	368,378	4,470,984	1,301,624	6,140,986
Carrying amount at 1 January	1,403,074	3,220,456	369,932	4,993,462
Carrying amount at 31 December	1,370,940	2,952,384	374,777	4,698,101

Reclassifications in 2018 mainly relate to part of a dialyser assembly line. Being held for sale since 2016, the component has been reclassified in 2018. The resulting book value after depreciation of €472K is now shown in plant and machinery.

Alpha Membrane Technologies Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2019

As of 31 December 2019, the carrying amount of plant and equipment held under hire-purchase agreements amounted to €454K (prior year: €600K).

20. Right-of-use assets

2019	Land and build- ings €	Fixtures, fittings and equipment €	Total €
Cost at 1 January	1,499,146	151,115	1,650,261
Additions	<u>747,502</u>	<u>-</u>	<u>747,502</u>
Cost at 31 December	2,246,648	151,115	2,397,763
Accumulated depreciation at 1 January	-	-	-
Depreciation	<u>457,238</u>	<u>44,708</u>	<u>501,946</u>
Accumulated depreciation at 31 December	457,238	44,708	501,946
Carrying amount at 1 January	1,499,146	151,115	1,650,261
Carrying amount at 31 December	1,789,410	106,407	1,895,817

We refer to note 4.1 for first-time adoption of IFRS 16.

The following table shows the amounts recognised in profit or loss:

	2019 €
Depreciation on right-of-use assets	501,946
Interest expense for lease liabilities	109,881
Expenses for short-term or minor value leases	<u>3,551</u>
Total amount recognised in profit or loss	615,378

21. Inventories

	2019 €	2018 €
Materials and supplies	460,167	452,224
Goods	30,005	45,770
Work in progress (as restated - see note 2.15 and note 23)	<u>186,286</u>	<u>273,063</u>
	676,458	771,057

Notes to the consolidated financial statements (continued)
For the year ended 31 December 2019

22. Trade receivables

The trade receivables are all due in the short-term and do not bear interest. The fair value of the receivables corresponds to their carrying amount.

In accordance with IFRS 9 "Financial Instruments", the Group has to consider the expected losses and the changes in these expected losses at each balance sheet date in order to reflect the change in credit risk since the initial recognition of the financial assets. With regard to the small number of customers, the decision as to whether the value of a financial asset should be impaired is based on an individual assessment of the receivable, in particular taking into account the customer's payment history and compliance with the agreed payment terms. Due to the small number of customers, there is no grouping by risk level.

23. Other financial and non-financial assets

Group

2019	Total €	of which: current €	of which: non-current
Financial receivables and other assets			
Other financial assets	69,055	36,349	32,706
Other non-financial receivables and assets			
Advance payments to subcontractors	1,814,560	1,814,560	-
Accrued income and prepaid expenses	17,456	17,456	-
Tax receivables	589,107	589,107	-
Other	2,469	2,469	-
	<u>2,423,592</u>	<u>2,423,592</u>	-
	2,492,647	2,459,941	32,706

Alpha Membrane Technologies Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2019

2018	Total €	of which: current €	of which: non-current
Financial receivables and other assets			
Equity investments	250,000	-	250,000
Other financial assets	68,630	61,250	7,380
	318,630	61,250	257,380
Other non-financial receivables and assets			
Advance payments to subcontractors	822,723	822,723	-
Accrued income and prepaid expenses	25,667	25,667	-
Tax receivables	437,723	437,723	-
Other	1,985	1,985	-
	1,288,098	1,288,098	-
	1,606,728	1,349,348	257,380

The equity investments related in 2019 to contributions made to the joint ventures Tianjin Alpha-Renal Life Sciences Co., Ltd. (hereafter "TAR"), Tianjin, China, as well as Safil Tıbbi Ürünler Uluslararası Nakliyat Sanayi Ticaret A. Ş. (hereafter "Safil"), Turkey.

In 2009, the Group obtained an 8% or €400K interest in TAR. The carrying value was impaired by €400K to reduce the carrying amount to €0K in prior years.

By way of an agreement concluded in 2012, Alpha Plan GmbH undertook to assume an initial contribution in Safil worth €250K. The nominal participation in Safil was 7.5%. In 2019, the participation in Safil was sold for €250K.

Prepayments to subcontractors of Alpha Plan GmbH of €1,804K (prior year: €823K) relate to machine construction projects not yet completed. In the financial statements for the year ended 31 December 2018 these amounts were included in Inventories but have been reclassified as explained in note 2.15.

No valuation allowance was recorded in respect of other receivables and assets.

Alpha Membrane Technologies Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2019

Parent company

	Total	of which: current	of which: non-current
	€	€	€
2019			
Interest-bearing loans to subsidiaries	4,250,611	4,250,611	-
Receivables from subsidiaries	753,848	753,848	-
Other non-financial assets	9,538	9,538	-
	<u>5,013,997</u>	<u>5,013,997</u>	<u>-</u>

	Total	of which: current	of which: non-current
	€	€	
2018			
Interest-bearing loans to subsidiaries	4,965,535	-	4,965,535
Receivables from subsidiaries	794,317	794,317	-
Other non-financial assets	8,937	8,937	-
	<u>5,768,789</u>	<u>803,254</u>	<u>4,965,535</u>

The interest-bearing loan of originally €5,200K is due from Alpha Plan Holding GmbH. In 2019 the loan has been partially repaid (€750K). The term of the loan runs to 31 December 2020 and interest is charged at the EURIBOR interest rate (as of 31 December 2019: -0.249%) plus 1%.

The application of IFRS 9 resulted in an expected credit loss provision against the aforementioned loan of €556K as of December 31, 2019 (as of 31 December 2018: €640K). The resulting reduction of €84K in the credit loss provision has been credited to the parent company income statement in 2019.

Notes to the consolidated financial statements (continued)
For the year ended 31 December 2019

24. Share capital

The subscribed sum is comprised as follows:

	2019 €	2018 €
5,000,000 (2018: 5,000,000) ordinary shares at €0.01 per share	50,000	50,000
1,797,392 (2018: 1,797,392) convertible preference shares at €0.01 per share	17,974	17,974
	<u>67,974</u>	<u>67,974</u>

No dividends may be paid to ordinary shareholders without first paying a dividend to convertible preferential shareholders. In the event of liquidation, the convertible preferential shares rank ahead of the ordinary shares and as a result may have their valuation increased depending on the results of operations of the Group. The convertible preferential shares are convertible on a 1-1 basis into ordinary shares at any time at the option of the preferential shareholders with automatic conversion under certain circumstances. Each no-par share is granted one vote. The vote granted by every preference share corresponds to the number of ordinary shares into which they could be converted to at that point in time.

25. Non-controlling interest

The non-controlling interests contain the share in profit or loss of the non-controlling shareholders of IDT Holding in the acquired assets and liabilities, valued at the proportional fair value at the time of the acquisition. After initial recognition, profits and losses are fully attributed in proportion to the holding.

Share of non-controlling interests

Name, location	Share in equity		Share in voting rights	
	2019 in %	2018 in %	2019 in %	2018 in %
IDT Holding GmbH, Germany	10.00	10.00	0.00	0.00
International Dialyzer Technologies GmbH, Germany	10.00	10.00	0.00	0.00

Alpha Membrane Technologies Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

Summarised financial information in relation to IDT Holding and International Dialyzer Technologies GmbH, before intra-group eliminations, is presented below together with amounts attributable to the non-controlling shareholders:

	2019 €	2018 €
Revenue	3,531,664	4,229,039
Cost of sales	<u>(3,640,654)</u>	<u>(3,611,059)</u>
Gross Profit	(108,990)	617,980
Other operating income	14,254	81,781
Distribution expenses	(3,809)	(14,121)
Administrative expenses	(752,100)	(717,608)
Other operating expenses	<u>(90,320)</u>	<u>(207,800)</u>
Loss from operations	(940,965)	(239,768)
Finance income	27,333	-
Finance expenses	<u>(86,614)</u>	<u>(52,934)</u>
Loss before tax	(1,000,246)	(292,702)
Tax income	<u>281,722</u>	<u>22,549</u>
Loss after tax	(718,524)	(270,153)
Loss allocated to non-controlling interests	(71,853)	(27,015)
Total comprehensive loss allocated to non-controlling interests	(71,853)	(27,015)

Alpha Membrane Technologies Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2019

As at 31 December	2019	2018
	€	€
Assets		
Intangible assets	387	983
Property, plant & equipment	1,789,611	2,422,083
Right-of-use assets	258,994	-
Deferred tax asset	86,221	-
Inventories	100,519	100,789
Trade receivables	143,405	156,657
Other financial and non-financial assets	1,321,809	977,180
Cash and cash equivalents	(44,204)	349,582
	<u>3,656,742</u>	<u>4,007,274</u>
Liabilities		
Trade and other payables	640,419	807,982
Loans and borrowings from bank / hire purchase	707,603	463,111
Loans and borrowings from shareholders / related parties / others	-	393,359
Lease obligations	267,024	-
Deferred government grants	1,500	4,500
Deferred tax liability	-	181,501
Other financial and non-financial liabilities	<u>866,624</u>	<u>264,725</u>
	<u>2,483,170</u>	<u>2,115,178</u>
Net assets	1,173,572	1,892,096
Accumulated non-controlling interests	160,843	232,696

Notes to the consolidated financial statements (continued)
For the year ended 31 December 2019

26. Loans and borrowings**Group**

	Effective interest rate in %	Expiry date	2019 €	2018 €
Non-current				
Hire-purchase loans	1.8 - 9.55	2020 - 2022	12,290	51,278
Lease obligations	6.50	2020 - 2028	1,492,306	-
Shareholder loans	5.00 - 10.00	2021 or later	2,369,867	2,318,453
Other related party loans	15.00	2021	1,096,008	-
			<u>3,465,875</u>	<u>2,318,453</u>
			4,970,471	2,369,731

	Effective interest rate in %	2019 €	2018 €
Current			
Hire-purchase loans	1.8 - 9.55	38,832	233,333
Bank borrowings	4.09 - 4.19	-	178,500
		<u>38,832</u>	<u>411,833</u>
Lease obligations	6.50	454,320	-
Shareholder loans	5.00 - 10.00	418,560	1,180,167
Other related party loans	15.00	120,000	401,008
Other loans from third parties	3.00	<u>43,600</u>	<u>42,400</u>
		582,160	1,623,575
		1,075,312	2,035,408

Hire-purchase loans

Hire-purchase loans are granted to finance intangible and tangible assets. The loans are secured on the financed machinery.

Bank borrowings

Bank borrowings include investment loans, current account balances and intermediate financing advances.

Notes to the consolidated financial statements (continued)
For the year ended 31 December 2019

Lease obligations

Lease obligations arise from leasing contracts on land and buildings, factory and office equipment. We refer to note 4.1 for initial recognition.

Shareholder loans

The loans were advanced by Mr Simon and, as regards the parent company balances, by Walsingham as well as Francesca Simon and Martin Stamp (husband of Francesca Simon), the latter loan fully being repaid in 2019.

Other related party loans

The amount contains a loan granted by the Lünig Stiftung as well as outstanding interest on a loan formerly granted by Neo International Investments Ltd. For related party explanations please refer to note 35 for details.

Other loans from third parties

The other long-term loans were granted to the Group by non-controlling shareholders of subsidiaries.

Parent company

Current	Effective interest rate in %	2019 €	2018 €
Shareholder loans	10.00	390,601	1,153,149

27. Silent participation

	2019 €	2018 €
Silent participation SIB, long-term	504,500	566,450
Silent participation SIB, short-term	40,333	220,400
	<u>544,833</u>	<u>786,850</u>

A silent participation instrument with a nominal value of €1.0 million runs to 31 January 2020. On 31 December 2019 the nominal value is €10K. The silent participation bears fixed interest of 9%, a variable component of 2% of the contribution but not more than 50% of the adjusted net profit of Alpha Plan GmbH for the period based on local GAAP financial statements, and 2% final remuneration. It also bears an additional financial component in case of a significant change in the shareholdings of the Group.

A second silent participation instrument with a nominal value of €500K was granted in November 2017 and runs to 30 November 2021. The silent participation bears fixed interest of 7.5% and a variable component of 0.3% of the contribution but not more than 50% of the adjusted net profit of Alpha Plan GmbH for the period based on local GAAP financial statements. It also bears a variable component of 2 % to 8 % of the contribution depending on the EBT of the Group and the attainment level of the forecast.

The holders of the participation rights do not participate in losses.

Notes to the consolidated financial statements (continued)
For the year ended 31 December 2019

28. Deferred government grants

	2019 €	2018 €
1 January	358,093	488,013
Recognised in income	(58,533)	(129,920)
31 December	299,560	358,093
Non-current	262,206	298,066
Current	37,354	60,027
	299,560	358,093

The grants are amortised on a straight-line basis over the useful life of the assets to which the grants relate.

29. Trade and other payables, financial and non-financial liabilities

2019	Total €	of which: current €	of which: non-current €
Trade and other payables			
Accounts payable	1,080,466	845,058	235,408
Advance payments received	131,099	131,099	-
	1,211,565	976,157	235,408
Other financial liabilities			
Bonus payments / royalties	71,000	71,000	-
Other financial liabilities	706,908	706,908	-
	777,908	777,908	-
Other non-financial liabilities			
Social security	52,888	52,888	-
Accruals and deferred income	261,356	261,356	-
Other payables	77,400	77,400	-
	391,644	391,644	-

Alpha Membrane Technologies Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2019

2018	Total €	of which: current €	of which: non-current €
Trade and other payables			
Accounts payable	1,442,059	1,146,947	295,112
Advance payments received	25,500	25,500	-
	1,467,559	1,172,447	295,112
Other financial liabilities			
Bonus payments / royalties	140,100	140,100	-
Other financial liabilities	664,300	664,300	-
	804,400	804,400	-
Other non-financial liabilities			
Social security	131,626	131,626	-
Accruals and deferred income	352,893	352,893	-
Other payables	104,369	104,369	-
	588,888	588,888	-

Trade payables are non-interest bearing and are normally settled within 30 days. Other payables are non-interest bearing and have an average term of 30 days.

Parent company

2019	Total €	of which: current €	of which: non-current €
Trade and other payables			
Accounts payable to subsidiaries	409,140	409,140	-
Other accounts payable	77,415	77,415	-
	486,555	486,555	-

Notes to the consolidated financial statements (continued)
For the year ended 31 December 2019

2018	Total €	of which: current €	of which: non-current €
Trade and other payables			
Accounts payable to subsidiaries	413,431	413,431	-
Other accounts payable	74,948	74,948	-
	488,379	488,379	-

30. Financial risk management objectives and policies

The Group's principal financial instruments comprise loans, silent partnerships and short-term deposits. The main purpose of these financial instruments is to raise funds for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The measures taken by management to manage each of these risks are summarised below.

Credit risk

The Group transacts predominantly with companies. Prepayments are usually agreed in project business and for large trade orders. Deliveries of manufacturing plants, particularly abroad, are generally only executed when customers provide a corresponding letter of credit. The maximum risk of default is limited to the carrying amounts of trade receivables, final receivables from construction contracts, smaller orders in the module business and receivables in the spare parts and service business.

Liquidity risk

The Group continually monitors its risk of a shortage of funds using short-term liquidity planning. This takes account of the terms of financial assets and expected cash flows from business activities.

Current liquidity is partially covered by shareholder loans. Existing shareholder loans are extended beyond the existing term if necessary, where possible.

Foreign currency risk

In 2014 the Group received a debenture loan of CAD500K repayable by the end of 2020. The loan was partially repaid in 2019 (€125K). If the Euro had weakened/strengthened by 5% against the Canadian dollar with all other variables held constant, the recalculated loss would have been €1,534 higher/lower (calculated on an annual basis), mainly as a result of foreign exchange gains/losses on payable interest. The Group considers a shift in the exchange rates of 5% to be a realistic scenario.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy leverage ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions.

Alpha Membrane Technologies Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

Since the Group essentially manages capital based on the figures in the separate financial statements pursuant to local GAAP of Alpha Plan GmbH and IDT GmbH, it has elected not to present a quantitative breakdown of the capital.

31. Additional information on financial instruments

Group

	Carrying amount 2019 €	Carrying amount 2018 €
Financial assets measured at amortised cost		
Cash and cash equivalents	2,702,910	1,138,398
Trade receivables	212,363	1,901,901
Other financial receivables and assets	69,055	68,630
	<u>2,984,328</u>	<u>3,108,929</u>
Financial assets measured at FVtOCI		
Equity investments	-	250,000
Financial liabilities measured at amortised cost		
Loans and borrowings	4,048,035	4,120,528
Lease obligations	1,946,626	-
Silent participation	544,833	786,850
Trade payables	1,080,466	1,442,059
Other payables	909,007	829,900
	<u>8,528,967</u>	<u>7,179,337</u>

FVtOCI = Fair Value through Other Comprehensive Income

Trade receivables totaling €143K (prior year: €157K) serve as collateral for a working capital loan.

Alpha Membrane Technologies Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2019

Parent company

	Carrying amount 2019 €	Carrying amount 2018 €
Financial assets measured at amortised cost		
Cash and cash equivalents	16,766	25,525
Loans	4,250,611	4,965,535
Other financial receivables and assets	753,848	803,254
	<u>5,021,225</u>	<u>5,794,314</u>
Financial liabilities measured at amortised cost		
Loans and borrowings	390,601	1,153,149
Trade payables	486,555	488,379
	<u>877,156</u>	<u>1,641,528</u>

31.1. Fair value

Cash and cash equivalents, current trade receivables and other receivables mostly fall due within the short term. Consequently, their carrying amounts as of the end of the reporting period approximate to their fair value.

Trade payables and other liabilities generally have short terms to maturity; the carrying amounts approximate the fair values.

There are no differences between carrying amounts and fair values regarding the financial instruments recognised in the Group or parent company financial statements.

31.2. Net gain or loss by measurement category

	Subsequent measurement		Profit / (loss) for the year	
	Changes in Fair Value	Valuation allowances	2019	2018
	€	€	€	€
Financial assets measured at amortised cost	-	-	377	10,490
Financial liabilities measured at amortised cost	-	-	(545,909)	(437,118)
Total	-	-	(545,532)	(426,628)

All components of the net result are recognised under interest income and expenses. Not included are valuation allowances recognised on trade receivables or bad debts in the loans and receivables measurement category; these are instead disclosed under other operating expenses.

Notes to the consolidated financial statements (continued)
For the year ended 31 December 2019

31.3. Ageing analysis of financial obligations

The following table presents the contractually agreed cash flows (without discounting) and redemption payments for financial liabilities:

	2020 €	2021 €	2022 cont. €
Loans and borrowings	823,465	3,625,133	-
Lease obligations	564,201	548,231	1,207,297
Silent participation	77,833	542,000	-
Trade liabilities	1,080,466	-	-
Other financial liabilities	<u>709,007</u>	<u>-</u>	<u>-</u>
	3,254,972	4,715,364	1,207,297

All instruments held by the Group as of 31 December 2019 and for which payments had already been contractually agreed are included in the above analysis. The floating interest payments from financial instruments were determined based on the interest rates most recently fixed before 31 December 2019. Contractually allowed special repayments are not taken into account. All on-call financial liabilities without a fixed term are allocated to the earliest possible period in the table.

For the contractually agreed cash flows (without discounting) and redemption payments for lease liabilities see note 33.1.

32. Long-term construction contracts

	2019 €	2018 €
Accumulated cost of uncompleted production orders	18,363,361	6,054,732
Sum of recognised profit	730,300	(63,523)
Amount of received prepayments	<u>(21,715,590)</u>	<u>(9,190,939)</u>
	(2,621,929)	(3,199,730)
Total recognised contract assets	3,505,699	333,055
Total recognised contract liabilities	<u>(6,488,907)</u>	<u>(3,436,544)</u>
	(2,983,208)	(3,103,489)

For construction contracts not yet fulfilled, the company has made prepayments to sub-contractors amounting to €1,804K (prior year: €823K) which are shown in inventories. We refer to note 21 for details.

Notes to the consolidated financial statements (continued)
For the year ended 31 December 2019

33. Commitments and contingencies

33.1. Lease commitments - Group as lessee

The Group has entered into leases for land and buildings, furniture and fixtures. These leases have an average life of between one and five years with no renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

The following table presents the contractually agreed cash flows (without discounting) and redemption payments for lease liabilities:

	Within one year €	Between one to five years €	More than five years €	Total €
2019				
Lease payments recognised directly in expense	5,111	5,620	-	10,731
Lease payments for rights-of-use assets	564,201	1,274,334	481,194	2,319,729
	569,312	1,279,954	481,194	2,330,460
2018				
Lease payments recognised directly in expense	505,340	1,344,319	-	1,849,659

The following table shows the transition from operating lease commitments under IAS 17 to lease liabilities under IFRS 16:

	€
Agreed cash flows for lease liability as of 1 January 2019	1,344,319
Agreed cash flows for newly signed contracts in 2019	1,013,040
Agreed cash flows for lease payments recognised directly in expense	(10,731)
Changes due to modifications of contract	(26,899)
Agreed cash flows for right-of-use assets as of 31 December 2019	2,319,729
Discounting	(373,103)
Lease liability as of 31 December 2019	1,946,626

Notes to the consolidated financial statements (continued)
For the year ended 31 December 2019

33.2. Hire-purchase commitments

The Group has entered into hire-purchase agreements for several assets. Future minimum lease payments under hire-purchase agreements are compared to their present value below:

	2019	2019	2018	2018
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
	€	€	€	€
Within one year	42,632	39,272	242,463	236,139
Between one to five years	13,000	11,850	47,038	48,472
Minimum lease payments total	55,632	51,122	289,501	284,611
Minus interest cost due to discounting	(4,510)	-	(4,890)	-
Present value of minimum lease payments	51,122	51,122	284,611	284,611

34. Liabilities arising from purchase commitments

There were purchase obligations of €6,648K as of the reporting date 31 December 2019 (prior year: €337K).

35. Related party disclosures

The Group's related parties are shareholders with significant influence, close family members of shareholders and key management personnel of the Group. The parent company's related parties also include fellow group undertakings.

Englefield House No. 12 Inc., Canada, holds shares of 18.1% at the balance sheet date and has been classified as related party.

Ms Lana Mae Benedek (wife of Managing Director of the Company, Rafael Simon) and Mr Rudolph Lüning directly and indirectly held shares of 36.8% and 16.7%, respectively, in Alpha Membrane Technologies Limited at the balance sheet date.

Mr Andrew Benedek (father of Lana Mae Benedek) is Managing Director of Neo GmbH, Hallbergmoos, and Chairman and CEO of Anaergica Inc., Burlington, Ontario / Canada. Neo GmbH and Anaergica Inc. have also been classified as a related party.

Francesca Simon (sister of the Company's Managing Director Rafael Simon) and Martin Stamp (husband of Francesca Simon) have also been classified as related parties.

Mr Lüning holds a 100% interest in Saxonia Separation Technologies GmbH. Saxonia Separation Technologies GmbH is thus classified as a related party.

Alpha Membrane Technologies Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2019

Mr Lüning is also founder of the trust "Rittergut Lüning zu Sulingen – Stiftung" and has transferred part of his shares to the trust in 2019. The trust is thus classified as a related party, holding 8.3% of shares in Alpha Membrane Technologies Limited at the balance sheet date

Mr Rafael Simon is Chairman of Microvi Biotechnologies Inc., Hayward, CA / USA and so Microvi Biotechnologies Inc. has been classified as a related party.

In their capacities as directors of AMT, Dr Juchem and Mr Simon are also key management personnel of the Group.

Business transactions with related parties

The following table provides the total amounts of transactions which have been entered into with related parties for the relevant business year, excluding transactions with key management personnel which are summarised separately below:

	Sales and services to related par- ties €	Sales and services from related parties €	Receivables due from re- lated parties €	Debts due to related par- ties €
2019				
Saxonia Separation Technologies GmbH	2,062	-	30,304	-
Other transactions with related parties	-	273,950	-	-
2018				
Saxonia Separation Technologies GmbH	4,404	-	30,520	-
Other transactions with related parties	-	394,326	-	-

Outstanding balances as of the end of the business year are unsecured, interest free and settled in cash or offset. There have been no guarantees provided or received for any related party receivables or payables.

Alpha Membrane Technologies Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2019

Loan agreements with related parties

The following table provides the total amounts of loan agreements which have been entered into with related parties:

	Interest and other income €	Interest ex- penses €	Receivables due from re- lated parties €	Debts due to related par- ties €
2019				
Lüning Foundation	-	116,738	-	990,000
Walsingham	-	32,214	-	390,601
Neo GmbH	-	25,000	-	226,008
Francesca Simon and Martin Stamp (spouse)	-	24,972	-	-
Key management personnel	-	70,000	-	2,369,867
2018				
Saxonia Separation Technologies GmbH	-	5,000	-	-
Walsingham	-	36,377	-	459,897
Neo GmbH	-	30,000	-	401,008
Francesca Simon and Martin Stamp (spouse)	-	43,804	-	693,252
Key management personnel	-	70,000	-	2,345,471

Remuneration of key management personnel

The table below presents the total amount of remuneration of key management personnel as well as remuneration of the Group management board:

	2019 €	2018 €
Alpha Membrane Technologies Ltd. Director's remuneration (excluding share-based payment charges)	306,362	589,031
Emoluments of the highest paid director (excluding share-based payment charges)	306,362	533,894
Other key management personnel		
Wages and salaries	275,084	514,606
Other benefits	31,278	19,288
	<u>306,362</u>	<u>533,894</u>

Alpha Membrane Technologies Limited

Notes to the consolidated financial statements (continued) For the year ended 31 December 2019

The above remuneration of key management personnel relates solely to short-term benefits. No other benefits or share-based payments were made. No pension plans are established for key management personnel or directors of the Group.

Parent company

Trading transactions with related parties

The following table provides the total amounts of trading transactions which have been entered into with related parties:

	Sales and services to related par- ties	Purchases of services from related parties	Amounts owed by re- lated parties	Amounts owed to re- lated parties
	€	€	€	€
2019				
Directly-held wholly-owned subsidiaries	12,000	-	1,000	-
Indirectly-held wholly-owned subsidiaries	-	-	-	409,140
2018				
Directly-held wholly-owned subsidiaries	12,000	49,402	1,000	-
Indirectly-held wholly-owned subsidiaries	-	209,738	-	150,000

Financing transactions with related parties

The following table provides the total amounts of financing transactions which have been entered into with related parties:

	Interest and other in- come	Interest ex- penses	Amounts owed by re- lated parties	Amounts owed to re- lated parties
	€	€	€	€
2019				
Directly-held wholly-owned subsidiaries	45,826	-	4,722,901	-
Indirectly-held wholly-owned subsidiaries	35,362	-	390,601	-
Shareholder with significant influence	-	32,214	-	390,601
Close family members of directors and their spouses	-	24,972	-	-
2018				
Directly-held wholly-owned subsidiaries	50,328	-	5,157,883	-
Indirectly-held wholly-owned subsidiaries	50,988	-	499,652	-
Shareholder with significant influence	-	36,377	-	459,897
Close family members of directors and their spouses	-	43,804	-	693,252

Alpha Membrane Technologies Limited

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2019

36. Fees and services of auditors

	2019	2018
	€	€
Fees payable to the company's auditor and its associates for the audit of these financial statements	44,250	39,350
Fees payable to associates of the company's auditor for the audit of subsidiaries' financial statements	14,500	13,500
Fees payable to the company's auditor and its associates for other services to the Group	-	-