

TUV SUD (UK) Limited

Report and Financial Statements

31 December 2008

TUESDAY



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COMPANIES HOUSE

TUV SUD (UK) Limited

Registered No: 03224488

Directors

Dr A Stepken
P M Crystal

Secretary

R Loeser

Auditor

Ernst & Young LLP
George House
50 George Square
Glasgow
G2 1RR

Bankers

National Westminster Bank plc
52 West Street
Fareham
Hampshire
PO16 0JX

Solicitors

Memery Crystal
31 Southampton Row
London
WC1B 5HT

Registered Office

Octagon House
Concorde Way
Segensworth North
Fareham
Hampshire
PO15 5RL

Directors' report

The directors present their report and financial statements for the year ended 31 December 2008.

Results and dividends

The profit for the year amounted to £641,000 (2007 – £120,000 loss). The directors do not recommend the payment of any dividends.

Principal activity and review of the business

The principal activity of the company during the year was to act as the holding company for UK activities, which are primarily to provide an extensive range of services including contract research, technical evaluation, product and management system certification, testing and consultancy. These core competencies are provided in the areas of electrical, mechanical and process engineering, telecommunications, information technology, environmental performance, electromagnetic compatibility and product safety assessment and technical services to the nuclear power generation industry.

The operating loss for the year amounted to £66,000 (2007 – £28,000 profit). Interest payable amounted to £554,900 (2007 – £557,000). This is attributable to interest payable on loans from group undertakings and includes the financing of part of the investment in Nuclear Technologies.

Financial risk management

The company uses certain financial instruments to manage the main operating risks it faces. In particular the company utilises overdraft facilities and short term group borrowings to manage the liquidity and cash flow risks faced. The company also utilises long term fixed interest loan arrangements with the parent company to fund capital or other long term investment requirements.

The company manages any interest rate risk exposure, interest on the short term group borrowings is at fixed rates of interest.

Directors

The directors who served the company during the year are as listed on page 1.

Fixed assets

The directors are confident that the market value of the remaining land exceeds its book value.

Directors' liabilities

The company has indemnified one or more directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985. Such qualifying third party indemnity provision was in force during the year and remains in place to the date of this report.

Directors' report

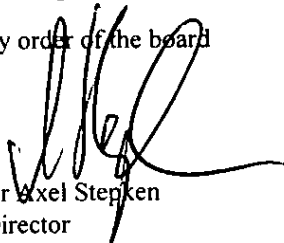
Directors' statement as to disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Re-appointment of auditors

A resolution to reappoint Ernst & Young LLP as auditor will be put to the members at the Annual General Meeting.

By order of the board



Dr Axel Steffen
Director

25 March 2009

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations (United Kingdom Generally Accepted Accounting practice).

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, 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 company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of TUV SUD (UK) Limited

We have audited the company's financial statements for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 16. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and accounting standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report

to the members of TUV SUD (UK) Limited

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Glasgow

27/3/ 2009

Profit and loss account

for the year ended 31 December 2008

| | Notes | 2008 £000 | 2007 £000 |
|---|-------|--------------|--------------|
| Turnover | | - | - |
| Administrative expenses | | 251 | 31 |
| Pension costs – operating (credit) | | (185) | (59) |
| Operating (loss)/profit | 2 | (66) | 28 |
| Income from affiliated companies | | 1,215 | 648 |
| Bank interest receivable | | 17 | 16 |
| Interest payable and similar charges | 5 | (555) | (557) |
| Net finance costs in respect of defined benefit pension schemes | 12 | (333) | (167) |
| | | 344 | (60) |
| Profit/(loss) on ordinary activities before taxation | | 278 | (32) |
| Tax on profit/(loss) on ordinary activities | 6 | 363 | (88) |
| Profit/(loss) for the financial year transferred from reserves | | 641 | (120) |

All amounts relate to continuing operations.

Statement of total recognised gains and losses


for the year ended 31 December 2008

| | 2008 £000 | 2007 £000 |
|---|--------------|--------------|
| Profit/(loss) for the financial year | 641 | (120) |
| Actuarial gain/(loss) in respect of defined benefit pension scheme | 371 | (813) |
| Deferred tax at 28%/30% - (expense)/credit | (104) | 244 |
| Total gains and losses recognised since the last annual report | 908 | (689) |

Balance sheet

at 31 December 2008

| | Notes | 2008 £000 | 2007 £000 |
|--|-------|----------------|----------------|
| Fixed assets | | | |
| Tangible assets | 7 | 471 | 471 |
| Investments | 8 | 24,089 | 24,089 |
| | | <u>24,560</u> | <u>24,560</u> |
| Current assets | | | |
| Debtors | 9 | 516 | 741 |
| Creditors: amounts falling due within one year | 10 | (1,836) | (1,884) |
| Net current liabilities | | <u>(1,320)</u> | <u>(1,143)</u> |
| Total assets less current liabilities | | <u>23,240</u> | <u>23,417</u> |
| Creditors: amounts falling due after more than one year | 11 | (6,575) | (7,500) |
| Net assets excluding pension liability | | <u>16,665</u> | <u>15,917</u> |
| Pension liability | 12 | (4,164) | (4,324) |
| Net assets including pension liability | | <u>12,501</u> | <u>11,593</u> |
| Capital and reserves | | | |
| Equity share capital | 14 | 4,250 | 4,250 |
| Share premium account | 15 | 2,244 | 2,244 |
| Other reserves | 15 | 11,347 | 11,347 |
| Profit and loss account | 15 | (5,340) | (6,248) |
| Equity shareholders' funds | 15 | <u>12,501</u> | <u>11,593</u> |



Dr Axel Steeken
Director

25 March 2009

Notes to the financial statements

at 31 December 2008

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Statement of cash flows

The directors have taken advantage of the exemption in FRS 1 (revised) from including a statement of cash flows in the financial statements on the grounds that the company is wholly owned and its parent publishes consolidated financial statements.

Investments

Investments in group undertakings are stated at cost or valuation less any provision for diminution in value.

Fixed assets

Freehold land is initially recorded at cost and is not depreciated.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Notes to the financial statements

at 31 December 2008

1. Accounting policies (continued)

Pension costs and other post-retirement benefits

The company is the principal employer of the TPS Benefits Scheme, a defined benefit pension scheme for some employees of the TUV SUD companies in the United Kingdom. The assets of the scheme are held separately from those of the company.

The company has provided for the full deficit of the TPS Benefits Scheme as required by FRS 17 because it has been unable to determine the individual subsidiary companies share of the underlying assets and liabilities of the scheme.

Pension scheme liabilities are measured on an actuarial basis using a projected unit method and are discounted to their present value using a discount rate.

Pension scheme assets are valued at market value at the balance sheet date.

The pension scheme deficit is recognised in full on the balance sheet.

The deferred tax relating to a defined benefit asset/liability is offset against the defined benefit asset/liability and not included with other deferred tax assets or liabilities.

Group accounts

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirements to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group. Advantage has been taken of the exemption available under FRS 8 not to disclose details of transactions with other TUV group undertakings as the consolidated accounts of TUV SUD AG, the ultimate parent company, in which the company and its subsidiaries are included are publicly available.

2. Operating loss

This is stated after charging:

| | 2008 | 2007 |
|-------------------------|-------------------|-------------------|
| | £000 | £000 |
| Auditors' remuneration: | | |
| Audit services | 9 | 9 |
| Non audit services | - | - |
| | <u> </u> | <u> </u> |

3. Staff costs

| | 2008 | 2007 |
|--|-------------------|-------------------|
| | £ | £ |
| Current service cost of pension fund | 737 | 875 |
| Contribution from TUV Product Service Limited | (465) | (407) |
| Contribution from TUV NEL Limited | (457) | (494) |
| Contribution from British Approvals Board for Telecommunications | - | (33) |
| | <u> </u> | <u> </u> |
| Pension costs – operating charge/(credit) | (185) | (59) |
| Pension costs – net finance cost | 333 | 167 |
| | <u> </u> | <u> </u> |
| | 148 | 108 |
| | <u> </u> | <u> </u> |

The company has no employees.

Notes to the financial statements

at 31 December 2008

4. Directors' emoluments

| | 2008 | 2007 |
|------------|------|------|
| | £000 | £000 |
| Emoluments | 6 | 7 |

5. Interest payable and similar charges

| | 2008 | 2007 |
|--|------|------|
| | £000 | £000 |
| Interest payable to group undertakings | 555 | 557 |

6. Tax

(a) Tax on profit on ordinary activities

The tax credit is made up as follows:

| | 2008 | 2007 |
|--|-------|------|
| | £000 | £000 |
| UK Corporation Tax at 28.5% | | |
| Group credit for losses utilised: | | |
| Current year | (166) | - |
| Prior year adjustment | (261) | - |
| | (427) | - |
| Deferred tax | | |
| Pension charges | (42) | (32) |
| Origination and reversal of timing differences | 106 | - |
| Effect of changes in tax rate | - | 120 |
| | (363) | 88 |

Notes to the financial statements

at 31 December 2008

6. Tax (continued)

(b) Factors affecting current tax charges

The tax assessed on the loss on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28.5% (2007 – 30%). The differences are reconciled below:

| | 2008 £000 | 2007 £000 |
|---|--------------|--------------|
| Profit/(loss) on ordinary activities before tax | 278 | (32) |
| Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax | 79 | (10) |
| Group relief received on tax losses | 59 | - |
| Unrelieved tax losses | - | 172 |
| Pension provision | 42 | 32 |
| Income not taxable | (346) | (194) |
| Prior year adjustment | (261) | - |
| Total current tax | (427) | - |

(c) Deferred tax

The deferred tax included in the balance sheet is as follows:

| | 2008 £000 | 2007 £000 |
|------------------------------|--------------|--------------|
| Included in debtors (note 9) | 11 | 117 |

Deferred taxation provided in the financial statements and the amounts not provided are as follows:

| | 2008 | | 2007 | |
|--------------------------|------------------|----------------------|------------------|----------------------|
| | Provided £000 | Not provided £000 | Provided £000 | Not provided £000 |
| Tax losses available | - | 500 | 106 | 190 |
| Other timing differences | 11 | - | 11 | - |
| Deferred tax asset | 11 | 500 | 117 | 190 |

£000

| | |
|--|-------|
| At 1 January 2008 | 117 |
| Deferred tax charge in the profit and loss account | (258) |
| Adjustment in respect of prior year | 152 |
| At 31 December 2008 | 11 |

Notes to the financial statements

at 31 December 2008

7. Tangible fixed assets

| | <i>Freehold Land £000</i> |
|--|-----------------------------------|
| Cost: | |
| At 1 January 2008 and 31 December 2008 | 471 |
| Depreciation: | |
| At 1 January 2008 and 31 December 2008 | - |
| Net book value: | |
| At 1 January 2008 and 31 December 2008 | 471 |

8. Investments

| | <i>Shares in group companies £000</i> | <i>Loans to group companies £000</i> | <i>Total £000</i> |
|--|---|--|-----------------------|
| Cost: | | | |
| At 1 January 2008 and 31 December 2008 | 19,589 | 4,500 | 24,089 |
| Amounts provided: | | | |
| At 1 January 2008 and 31 December 2008 | - | - | - |
| Net book value: | | | |
| At 1 January 2008 and 31 December 2008 | 19,589 | 4,500 | 24,089 |

9. Debtors

| | <i>2008 £000</i> | <i>2007 £000</i> |
|------------------------------------|----------------------|----------------------|
| Amounts owed by group undertakings | 500 | 500 |
| Other debtors | 5 | 124 |
| Deferred taxation (note 6) | 11 | 117 |
| | 516 | 741 |

Notes to the financial statements

at 31 December 2008

10. Creditors: amounts falling due within one year

| | 2008 | 2007 |
|------------------------------------|--------------|--------------|
| | £000 | £000 |
| Bank overdraft | 441 | 384 |
| Amounts owed to group undertakings | 1,338 | 1,450 |
| Accruals and deferred income | 57 | 50 |
| | <u>1,836</u> | <u>1,884</u> |

The UK group companies operate a cross group treasury function which is secured and guaranteed jointly by all the companies within the UK group.

11. Creditors: amounts falling due after more than one year

| | 2008 | 2007 |
|------------------------------------|--------------|--------------|
| | £000 | £000 |
| Amounts owed to group undertakings | <u>6,575</u> | <u>7,500</u> |

12. Pension commitments

During the year, the company operated the following pension scheme in the United Kingdom.

TPS Benefits Scheme

The TPS Benefits Scheme is a defined benefit scheme. The scheme was closed to new entrants with effect from 1 January 2006. An estimated actuarial valuation was carried out as at 31 December 2008, based on a formal valuation at 1 January 2008, by a qualified independent actuary.

FRS 17 'Retirement Benefits'

The main assumptions used by the actuary were:

| | 2008 | 2007 | 2006 |
|---|------|------|------|
| | % | % | % |
| Rate of increase in salaries | 3.0 | 3.75 | 3.5 |
| Rate of increase in pensions in payment | 2.7 | 3.25 | 2.5 |
| Discount rate | 6.5 | 5.75 | 5.3 |
| Inflation assumption | 2.7 | 3.25 | 2.5 |

Notes to the financial statements

at 31 December 2008

12. Pension commitments (continued)

The assets and liabilities of the scheme were as follows:

| | 2008 £000 | 2007 £000 | 2006 £000 |
|--|--------------|---------------|---------------|
| Equities | 12,403 | 13,635 | 12,474 |
| Bonds | 12,267 | 13,532 | 12,466 |
| Total market value of assets | 24,670 | 27,167 | 24,940 |
| Present value of scheme liabilities | (30,453) | (33,173) | (30,025) |
| Pension liability before deferred tax | (5,783) | (6,006) | (5,085) |
| Related deferred tax asset | 1,619 | 1,682 | 1,526 |
| Net pension liability | (4,164) | (4,324) | (3,559) |
| | | 2008 £000 | 2007 £000 |
| Change in benefit obligation | | | |
| Benefit obligation at 01 January 2008 | | 33,173 | 30,025 |
| Current service cost | | 737 | 875 |
| Interest cost | | 1,960 | 1,627 |
| Plan participants' contributions | | 507 | 503 |
| Actuarial (gains)/losses | | (5,279) | 891 |
| Benefits paid | | (845) | (974) |
| Aged Related Rebates | | 200 | 226 |
| Benefit obligation at 31 December 2008 | | 30,453 | 33,173 |
| | | 2008 £000 | 2007 £000 |
| Change in scheme assets | | | |
| Fair value of plan assets at 01 January 2008 | | 27,167 | 24,939 |
| Expected return on plan assets | | 1,627 | 1,460 |
| Actuarial (gains)/losses | | (4,908) | 79 |
| Business combinations | | - | - |
| Settlements | | - | - |
| Employer contribution | | 922 | 934 |
| Member contributions | | 507 | 503 |
| Benefits paid | | (845) | (974) |
| Aged Related Rebates | | 200 | 226 |
| Fair value of plan assets at 31 December 2008 | | 24,670 | 27,167 |

Notes to the financial statements

at 31 December 2008

12. Pension commitments (continued)

| | 2008 | 2007 |
|---|--------------|--------------|
| | £000 | £000 |
| Components of pension cost | | |
| Current service cost | 737 | 875 |
| Interest cost | 1,960 | 1,627 |
| Expected return on plan assets | (1,627) | (1,460) |
| Total pension cost recognised in the P&L account | 1,070 | 1,042 |
| Actuarial gains/(losses) | 371 | (812) |
| Total pension cost recognised in the STRGL | 371 | (812) |

| | 2008 | 2007 |
|--|---------------|---------------|
| | £000 | £000 |
| Scheme assets | | |
| The weighted-average asset allocation at the year-end were as follows: | | |
| Equities | 12,403 | 13,635 |
| Bonds | 12,267 | 13,532 |
| Fair Value of Assets | 24,670 | 27,167 |

The Scheme does not invest in the Company's own financial instruments, including property or other assets.

| | 2008 | 2007 |
|--------------------------------|---------|------|
| | £000 | £000 |
| Actual return on scheme assets | (4,908) | 78 |

| | 2008 | 2007 |
|---|-------|-------|
| Weighted average assumptions used to determine benefit obligations at: | | |
| Discount rate | 6.50% | 5.75% |
| Rate of compensation increase | 3.00% | 3.75% |
| Inflation rate | 2.70% | 3.25% |

| | 2008 | 2007 |
|--|-------|-------|
| Weighted average assumptions used to determine net pension cost for year ended: | | |
| Discount rate | 6.50% | 5.75% |
| Expected long-term return on plan assets | 6.10% | 5.90% |
| Rate of compensation increase | 3.00% | 3.75% |

Notes to the financial statements

at 31 December 2008

12. Pension commitments (continued)

Weighted average life expectancy for mortality tables used to determine benefit obligations at 31/12/08:

| | 2008 | 2007 |
|---|------|------|
| Member age 65 (current life expectancy) | | |
| - Men | 21.7 | 19.8 |
| - Women | 24.0 | 22.8 |
| Member age 45 (life expectancy at age 65) | | |
| - Men | 22.8 | 19.8 |
| - Women | 24.9 | 22.8 |

Five year history

| | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---------|-------|-------|---------|------|
| Difference between expected return and actual return on pension scheme assets | | | | | |
| Amount (£000) | (4,908) | 78 | 1,187 | 2,696 | 317 |
| % of scheme assets | (19.9) | 0.3 | 4.8 | 12.5 | 1.9 |
| Experience (losses)/gains arising on scheme liabilities | | | | | |
| amount (£000) | (1,348) | (395) | (134) | 412 | 229 |
| % of the present value of scheme liabilities | (4.4) | (1.2) | (0.4) | 1.5 | 1.2 |
| Total actuarial gains/(losses) recognised in the statement of total recognised gains and losses | | | | | |
| amount (£000) | 371 | (813) | 1,053 | (3,890) | 294 |
| % of the present value of scheme liabilities | 1.2 | (2.4) | 3.5 | (14.1) | 1.6 |

Contributions

The company expects to contribute £1,899,490 to its pension plan in 2009.

13. Related party transactions

During the year, TUV SUD (UK) Limited purchased £10,047 of services from Memery Crystal (2007 – £19,356), a company of which P Crystal, who is a director of the company, is a partner. There was nil due to Memery Crystal at the year end. (2007 – £nil).

Notes to the financial statements

at 31 December 2008

14. Authorised and issued share capital

| | | | 2008 | 2007 |
|---|-----------|-----------|-------|-------|
| <i>Authorised</i> | | | £000 | £000 |
| Ordinary shares of £1 each | | | 4,500 | 4,500 |
| | | | | |
| | | | 2008 | 2007 |
| <i>Allotted, called up and fully paid</i> | No. | No. | £000 | £000 |
| Ordinary shares of £1 each | 4,250,000 | 4,250,000 | 4,250 | 4,250 |

15. Reconciliation of shareholders' funds and movements on reserves

| | Share capital | Share premium account | Capital contribution | Profit and loss account | Total shareholders' funds |
|--------------------------------|---------------|-----------------------|----------------------|-------------------------|---------------------------|
| | £000 | £000 | £000 | £000 | £000 |
| At 31 December 2007 | 4,250 | 2,244 | 11,347 | (6,248) | 11,593 |
| Profit for the year | - | - | - | 641 | 641 |
| Defined pension benefit scheme | - | - | - | 267 | 267 |
| At 31 December 2008 | 4,250 | 2,244 | 11,347 | (5,340) | 12,501 |

16. Ultimate parent undertaking and controlling party

The ultimate parent company and controlling party is TUV SUD AG, a company incorporated in Germany. Copies of its group financial statements, which are the smallest and largest group for which consolidated financial statements are drawn up and of which the company is a member, are available from its registered office:

TUV SUD AG
Westendstrasse 199
D-80686 Munich
Germany