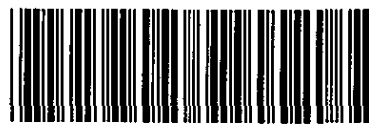


Financial Statements  
as at 31 December 2011

**ISENBRUCK BOESL HOERSCHLER LLP**  
London OC 340012

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**Accounts**  
**Q.C. APPROVED**

## Table of contents

<b>Members' Report for year ended 31 December 2011 .....</b>	<b>1-3</b>
<b>Independent Auditor's Report to the members for the financial year ending 31 December 2011 .....</b>	<b>4-5</b>
<b>Income statement for the year 1 January 2011 to 31 December 2011 .....</b>	<b>6</b>
<b>Balance sheet as at 31 December 2011 .....</b>	<b>7</b>
<b>Statement of cash flow for financial year 2011 .....</b>	<b>8</b>
<b>Notes to the financial statements for the financial year ending 31 December 2011 .....</b>	<b>9-24</b>

## ISENBRUCK BOESL HOERSCHLER LLP

### Members' Report for the year ended 31 December 2011

The members present their report and financial statements for the year ended 31 December 2011

#### **Principal activities and review of the business**

The principal activity of the limited liability partnership during the year was the provision of legal services

The ongoing decline in sales is still due to the slimming down of the LLP, which already started in 2009 LLP through 2010 and which is now accomplished in 2011 with the final retirement of one of the founding members by the end of 2010. This development corresponds to the slight decrease in personnel costs and the reduction of costs for foreign colleagues in 2011. These steps were undertaken to stabilize the LLP.

Taking into consideration the fact that extraordinary costs for legal advice and business events appeared in 2011, the operating return on sales even increased in this financial year.

A further drop of revenues is not expected.

#### **Designated Members**

The following designated members have held office

Wolfram Johannes Horschler, Dipl.-Ingenieur since 9 September 2008

Raphael Konrad Bosl, Dr. rer. nat., Dipl.-Chemiker since 1 September 2010

#### **Change of Name**

The original name ISENBRUCK BOSL HORSCHLER WICHMANN HUHN LLP was changed on 24<sup>th</sup> August 2009 to ISENBRUCK BOSL HORSCHLER WICHMANN LLP which was changed on 15<sup>th</sup> SEPTEMBER 2010 to ISENBRUCK BOSL HORSCHLER LLP which was changed on 14<sup>th</sup> October 2010 to ISENBRUCK BOESL HOERSCHLER LLP each change made by the lodging of Form LLP3 pursuant to Section 3 under the Limited Liability Partnerships Act 2000.

**Policy on members' drawings**

The members' drawing policy allows for each member to draw a proportion of their profit share, subject to the cash requirements of the business

A member's capital requirement is linked to their share of profit and the financing requirement of the limited liability partnership. There is no opportunity for appreciation of the capital subscribed. Just as incoming members introduce their capital at "par", so the retiring members are repaid their capital at "par".

**Statement of members' responsibilities**

The law relating to LLPs requires the members to prepare financial statements for the partnership for each financial year in accordance with applicable law and regulations. Under that law they have elected to prepare the partnership financial statements in accordance with IFRS as adopted by the EU and applicable laws.

The partnership financial statements are required by law and IFRS as adopted by the EU to present fairly the financial position of the partnership and the performance for that year; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing the partnership financial statements the members are required to

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether they have been prepared in accordance with IFRS as adopted by the EU
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business

Under the Limited Liability Partnerships Act 2000, the members are also responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the partnership and which enable them to ensure that the financial statements will comply with those regulations. The members have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the entities within the partnership and to prevent and detect fraud and other irregularities.

**Statement of disclosure to auditor**

So far as the members are aware, there is no relevant audit information of which the limited liability partnership's auditors are unaware. Additionally, the members have taken all the necessary steps that they ought to have taken as members in order to make themselves aware of all relevant audit information and to establish that the limited liability partnership's auditors are aware of that information.

**Auditors**

Cowgill Holloway LLP were appointed auditors to the limited liability partnership and in accordance with section 485 of the Companies Act 2006 (as applied to limited liability partnerships), a resolution proposing that they be re-appointed will be put at a General Meeting.

On behalf of the members

  
Wolfram J. Horschler

Designated Member

Date *Aug. 29, 2012*

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ISENBRUCK BOESL HOERSCHLER LLP

We have audited the financial statements of ISENBRUCK BOESL HOERSCHLER LLP for the year ended 31 December 2011 which comprise the income statement, balance sheet, statement of comprehensive income and statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

### **Respective responsibilities of members and auditor**

As explained more fully in the Members Responsibility Statement (set out on page 2) the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and to express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). These standards require us to comply with the Auditing Practices Board (APB) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the limited liability partnership's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the designated members, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements,

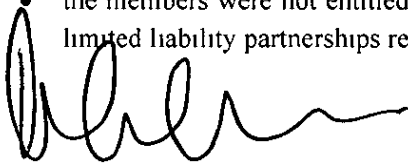
- give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2011 and of its profit/(loss) for the year then ended,
- have been properly prepared in accordance with the IFRSs as adopted by the European Union, and

- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion,

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- we have not received all the information and explanations we require for our audit, or
- the members were not entitled to prepare financial statements in accordance with the small limited liability partnerships regime



Paul Stansfield (Senior Statutory Auditor)

7 September 2012

For and on behalf of Cowgill Holloway LLP

Chartered Accountants

Statutory Auditor

Regency House  
45-51 Chorley New Road  
Bolton  
BL1 4QR

# ISENBRUCK BOESL HOERSCHLER LLP

## Income statement for the year 1 January 2011 to 31 December 2011

		31 December 2011	31 December 2010
	Note	EUR	EUR
Revenue	3	12 490 193 21	13,821,906 04
Other operating income	4	62 844 08	39 222 70
Personnel costs	6	-4,343,227 14	-4 359 310 68
Depreciation and amortisation	6	-110 740 19	-124,403 43
Other operating expenses	4	-5 018 555 63	-5 903 609 58
<b>Operating profit</b>		<b>3,080,514 33</b>	<b>3 473 805 05</b>
Financial income	5	35,895 08	36 688 50
Financial expense	5	-53,486 63	-111 301 10
<b>Net financial income</b>		<b>-17 591 55</b>	<b>-74 612 60</b>
<b>Profit for the financial year, attributable to members as owners</b>		<b>3 062 922 78</b>	<b>3 399 192 45</b>

## Statement of comprehensive income for the year ended 31 December 2011

		31 December 2011	31 December 2010
	Note	EUR	EUR
<b>Profit for the financial year</b>	12	<b>3 062 922 78</b>	<b>3,399 192 45</b>
Other comprehensive income	12	-596 598 29	-461,107 11
<b>Total comprehensive income for the year, attributable to members as owners</b>	12	<b>2,466,324 49</b>	<b>2 938,085 34</b>

# ISENBRUCK BOESL HOERSCHLER LLP

## Balance sheet as at 31 December 2011

<b>Assets</b>		31 December 2011	31 December 2010
	Note	EUR	EUR
<b>Non-current assets</b>			
Property, plant and equipment	7	344,620 51	417,783 44
Intangible assets	8	7 133 00	9,648 00
		<b>351,753 51</b>	<b>427 431 44</b>
<b>Current assets</b>			
Trade and other receivables	9, 10	3,017,347 39	2 845,078 26
Cash and cash equivalents	11	360,233 74	158,640 04
		<b>3 377 581 13</b>	<b>3,003 718 30</b>
<b>Total assets</b>		<b>3,729 334 64</b>	<b>3,431,149 74</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to members, as owners of the partnership</b>			
Other reserves	12	596,598 29	461 107 11
<b>Total equity</b>		<b>596,598 29</b>	<b>461,107 11</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provisions	13	158 148 10	171,038 50
		<b>158,148 10</b>	<b>171,038 50</b>
<b>Current liabilities</b>			
Short-term bank borrowings	14	0 00	77,228 90
Trade and other payables	15	1,379,164 32	1,637,624 09
Accruals	15	130,100 00	120,100 00
Amounts due to members	12	1,167 823 93	604,051 14
Members' capital	12	297,500 00	360 000 00
		<b>2 974 588 25</b>	<b>2 799 004 13</b>
<b>Total liabilities</b>		<b>3,132,736 35</b>	<b>2,970,042 63</b>
<b>Total equity and liabilities</b>		<b>3 729 334 64</b>	<b>3 431,149 74</b>
<b>Total members' interests</b>			
Members' capital	12	297,500 00	360,000 00
Other reserves	12	596,598 29	461,107 11
		<b>894 098 29</b>	<b>821 107 11</b>
Amounts due to members	12	1,167,823 93	604,051 14
<b>Total members' interests</b>		<b>2 061 922 22</b>	<b>1 425 158 25</b>

Approved by the members and authorised for issue on

*August 29, 2012*

*Wolfram J. Hoerschler*

Wolfram J. Hoerschler

Designated Member

Limited Liability Partnership No OC 340012

# ISENBRUCK BOESL HOERSCHLER LLP

## Statement of cash flow for the financial year 2011

	2011	2010
	EUR	EUR
Operating profit	3,080,514 33	3,473,805 05
Depreciation on intangible assets	7,376 60	12,270 00
Depreciation on tangible assets	103,363 59	112,133 43
Loss on disposal of fixed assets	126 00	457 00
	3,191,380 52	3,598,665 48
Decrease in trade receivables and other assets	-172,269 13	770,142 61
Decrease in trade payables, accruals and other liabilities	-248,459 77	-411,818 52
Decrease in provisions	-12,890 40	-22,651 74
Decrease in reserves	-461,107 11	-669,635 62
	2,296,654 11	3,264,702 21
Payments to members	-1,965,051 70	-3,061,059 79
<b>Net cash flows from operating activities</b>	<b>331,602 41</b>	<b>203,642 42</b>
Investments in property, plant and equipment	-30,324 66	-61,002 91
Investments in intangible assets	-4,863 60	0 00
<b>Cash flow from investing activities</b>	<b>-35,188 26</b>	<b>-61,002 91</b>
Repayment of bank loans	-77,228 90	-149,973 33
Interest paid	-53,486 63	-111,301 10
Interest received	35,895 08	36,688 50
<b>Cash flow from financing activities</b>	<b>-94,820 45</b>	<b>-224,585 93</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>201,593 70</b>	<b>-81,946 42</b>
<b>Reconciliation of net cash flow</b>		
Cash and cash equivalents at the beginning of the year	158,640 04	240,586 46
Increase / (decrease) in cash in the year	201,593 70	-81,946 42
<b>Cash and cash equivalents at the end of the year</b>	<b>360,233 74</b>	<b>158,640 04</b>

## Notes to the financial statements for the financial year ending 31 December 2011

### **1. Information concerning the Partnership**

ISENBRUCK BOESL HOERSCHLER LLP (the partnership) was incorporated in the UK on 9 September 2008 as a limited liability partnership (LLP) under the Limited Liability Partnership Act 2000. It has its seat in London and is registered in England and Wales with registered number OC 340012. The registered office of the LLP is 10 Orange Street, Haymarket, London, WC2H 7DQ, England. The LLP's principal place of business is Eastsite One, Seckenheimer Landstraße 4, 68163 Mannheim/Germany. The LLP also has offices at Prinzregentenstraße 68, 81675 München/Germany and Grafenberger Allee 342, 40235 Düsseldorf/Germany.

The LLP has started its business on 1 January 2009. The transfer on 1 January 2009 to ISENBRUCK BOESL HOERSCHLER WICHMANN HUHN LLP of the business formerly carried on in Germany by a general partnership with unlimited liability under German law (GbR) was accounted for in accordance with the principles of merger accounting. The date of the merger and the terms were attributed to the identifiable assets, liabilities and contingent liabilities acquired. These amounts represented their cost of acquisition. The merger which formed the LLP, reflected expectations that future profits arising in the 'acquired' member firm from their existing client contracts and relationships would continue in practice substantially to accrue to the partners in the 'acquired' firm. This is to be contrasted with a commercial acquisition where the purchase is made specifically to give the acquirer full access to the profits and cash flows of the entity acquired.

The main activities of the LLP are full services covering all aspects of the protection or enforcement of Intellectual Property, notably the prosecution, defence of patents, utility models, trademarks and designs as well as consulting clients in drafting and negotiating license and cooperation agreements. In addition, ISENBRUCK BOESL HOERSCHLER LLP assists clients in evaluating technology platforms and intellectual property portfolios.

## **2. Accounting policies**

### **2.1 Principles for preparing the financial statements**

The annual financial statements of ISENBRUCK BOESL HOERSCHLER LLP were prepared according to IFRS considering the regulations for medium sized LLPs. They were prepared using the historical cost principle. The functional currency of the partnership and the presentation currency is the Euro.

Concerning the income statement the total expenditure format is used.

As far as information can be shown optionally in the balance sheet, the income statement and/or in the notes to the financial statements, overall it was given in the notes to the financial statements for clarity reasons.

#### **Adoption of International Financial Reporting Standards (IFRS)**

The accompanying financial statements of ISENBRUCK BOESL HOERSCHLER LLP have been prepared in accordance with the rules and regulations of the International Financial Reporting Standards (IFRS) as applicable in the EU. All principles of the International Accounting Standards Board (IASB) and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC), which are mandatory for the financial year 2011, have been adopted. The term IFRS comprises the International Accounting Standards (IAS), the International Financial Reporting Standards (IFRS) and the related interpretations. IFRS which have not been endorsed by the European Union were not mandatory for the financial year 2011 and therefore do not have any impact on these financial statements.

### **2.2 Deviations to the accounting and valuation policies**

The deviations which occur in comparison with German accounting-, and valuation principles are described below.

**Fixed assets** Depreciation is determined using the measurement basis and the useful economic life of the assets in the ordinary course of business. In the year in which the asset is acquired, depreciation is calculated on a pro-rata basis, whereby straight-line depreciation is applied.

**Fixed assets** removal costs for buildings on rented property are capitalized if the obligation is probable and if a reliable estimate of the value of obligation can be made.

Trade receivables contrary to local GAAP purposes, general allowances are not recorded

Trade receivables and revenues unfinished work is capitalized to receivables at the recoverable amount, whereas for local GAAP purposes unfinished work is capitalized at cost

Provisions Provisions for removal costs for buildings on rented property are recorded if they are probable and the amount can be estimated reliably

Revenues in local books contain recharges to the clients for court and legal fees, which have been paid in advance by the partnership (booked in other operating expenses in local books) Since the payment of court and legal fees is due to the clients of the partnership, those transit items are booked net for IFRS-purposes

## **2.3 Major assumptions and estimates**

The process of preparing the financial statements requires, to a certain extent, to make estimates and assumptions which influence the recognised assets and liabilities, the disclosure of contingent liabilities as of the balance sheet date as well as the figures shown as income and expenses during the reporting period. The amounts which actually occur may differ from these estimates. The estimates and the underlying assumptions are constantly monitored. Corrections to estimates are recognised in the period in which the estimate was reviewed, they may be additionally recognised in subsequent periods if the change also impacts subsequent periods.

Major estimates mainly relate to unfinished work within trade receivables and provisions.

## **2.4 Summary of significant accounting and valuation policies**

### **Foreign currency translation**

The financial statements are prepared in Euros, the functional currency and the reporting currency of the LLP. Transactions in currencies other than its functional currency are recorded at the foreign exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date.

**Property, plant and equipment**

Property, plant and equipment is measured at cost of purchase less depreciation

Depreciation is determined using the measurement basis and the useful economic life of the assets in the ordinary course of business. In the year in which the asset is acquired, depreciation is calculated on a pro-rata basis, whereby straight-line depreciation applied.

The carrying amounts of property, plant and equipment are subject to an impairment test as soon as there are any indications that the carrying amount of an asset might exceed its recoverable amount.

An asset is derecognised either upon disposal or when no further economic benefit is anticipated from further use or sale of the asset. The profits or losses resulting from the derecognition of the asset are calculated as the difference between the net disposal proceeds and the carrying amount and are recognised in the income statement in the period in which the item is derecognised.

The useful economic lives and depreciation methods are reviewed at the end of each financial year and adjusted where necessary.

**Intangible assets**

Intangible assets comprise only acquired software and licences. They do have a finite useful life and are measured at cost less accumulated amortisation. The amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful economic life of software and licences is two to five years.

Profits and losses from the derecognition of intangible assets are calculated as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement in the period in which the item is derecognised.

**Trade receivables**

Current trade receivables are shown with the original amount of the invoice and, where necessary, less reasonable mark-downs to take account of identifiable risks. An impairment is recognised if there are objective and substantial indications that the LLP will not be able to recover the receivables. Receivables are derecognised as soon as they are irrecoverable. Foreign currency receivables are translated using the balance sheet date closing rate.

For receivables not past due and not impaired we have no indication as of the balance sheet date that the debtors would not fulfil their respective payment obligation.

Unfinished work (unbilled amounts for client work) within trade receivables relate to service contract receivables on completed (or partially completed) work where the fee has yet to be issued or where the service contract is such that the work performed (or the completion of the work) falls into a different accounting period. Unbilled amounts for client work are stated at cost plus profit recognised to date (in accordance with the revenue accounting policy below) less provision for foreseeable losses and net of amounts billed on account.

**Other receivables**

Other receivables comprise advance payments and costs attributable to subsequent periods, deposits, pre-payments and amounts due from employees.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and are stated at their nominal values.

**Members' capital**

Members' capital of the LLP represents capital subscribed by members of the partnership to the partnership. No interest is paid on capital. On leaving the partnership, a member's capital must be repaid. Members' capital is therefore considered a liability and is stated at its nominal value, being the amount repayable. This classification was reviewed in light of the amendment to IAS 32 and IAS 1 regarding the classification of a puttable financial instrument. However, the terms of members' capital do not meet all of the criteria to be met in order to justify classification as an equity instrument and classification as a liability remains appropriate.

**Amounts due to members**

Amounts due to members are stated at their nominal value, as this approximates to amortised cost.

**Trade payables and other liabilities**

Trade payables are recognised at fair value, based upon the nominal amount outstanding. Subsequent to initial recognition, they are recorded at amortised cost. Liabilities are shown with their repayment value or the value discounted to the balance sheet date.

**Short-term bank borrowings**

Short-term bank borrowings were recognised at fair value, based upon the nominal amount outstanding. Subsequent to initial recognition, they were recorded at amortised cost. Borrowing costs arising on short-term bank borrowings were expensed as incurred within financial expense. In 2011 all short-term bank borrowings were fully repaid.

**Provisions**

A provision is recognised if the LLP has a current (legal or constructive) obligation as a result of a past event, if the outflow of resources with an economic benefit for fulfilling the obligation is probable and if a reliable estimate of the value of obligation can be made. If the LLP at least partially expects a refund for a provision shown in the balance sheet, the refund is only recorded as a separate asset if the actual refund is nearly certain. The costs of creating the provision are shown in the income statement after deducting the refund. If the impact of the interest effect is material, provisions are discounted using a pre-tax rate which appropriately reflects the risks specific to the particular liability. If discounting is applicable, the increase in the provisions which takes place over a period of time is recognised as an interest expense.

Provision for onerous contracts is recognised when the expected benefits to be derived by the LLP from a contract are lower than the unavoidable cost of meeting its obligations under the contract. Provision is made for the present value of foreseeable rental commitments in respect of surplus property, after offsetting any future sub-letting income that could be earned. Surplus property includes premises which will become redundant as a result of steps to which the group is committed.

**Leases**

Operating lease rentals are charged to the income statement on a straight-line basis over the period of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense. The decision as to whether an agreement includes a lease is based on the economical substance of the agreement and involves among others an assessment whether the agreement contains a right to use a certain asset or whether basically all risks and rewards related to the asset were transferred.

**Revenue**

Revenue represents the fair value of the consideration receivable in respect of professional services provided during the year, inclusive of direct expenses incurred on client assignments but excluding value added tax. Where the outcome of a transaction can be estimated reliably, revenue associated with the transaction is recognised in the income statement by reference to the stage of completion at the year end, provided that a right to consideration has been obtained through performance. Consideration accrues as contract activity progresses by reference to the value of work performed. Hence revenue in respect of service contracts represents the cost appropriate to the stage of completion of each contract plus attributable profits, less amounts recognised in previous years where relevant.

Where the outcome of a transaction cannot be estimated reliably, revenue is recognised only to the extent that the costs of providing the service are recoverable. No revenue is recognised

where there are significant uncertainties regarding recovery of the consideration due or where the right to receive payment is contingent on events outside the control of the LLP. Expected losses are recognised as soon as they become probable based on the latest estimates of revenue and costs. Unbilled revenue is included in trade and other receivables as 'unfinished work'.

#### Financial income/expense

Interest income comprises of interest income on bank accounts and exchange gains. Interest income is recognised as it accrues, using the effective interest method.

Interest expense comprises exchange losses and interest cost on short-term bank borrowings. All borrowing costs are recognised in profit or loss using the effective interest method.

#### Taxes

Taxation on all profits is solely the personal liability of the individual members. Consequently neither taxation nor related deferred taxation arising in respect of the partnership is accounted in these financial statements. All distributions to members of this LLP are made net of income tax.

### 3. Market revenues

Revenue by geographical segment is given below

	31 12 2011	31 12 2010
	EUR	EUR
Germany	9,216,043.69	9,800,831.08
Europe (without Germany)	1,333,319.11	1,965,253.36
North America	1,729,494.66	1,843,531.34
Asia and other countries	211,335.75	212,290.26
	12,490,193.21	13,821,906.04

### 4. Other operating income and expense

Included in other operating income are the following items

	31 12 2011	31 12 2010
	EUR	EUR
Reversal of provisions and allowances	18,313.67	0.00
Further other income	44,530.41	39,222.70
	62,844.08	39,222.70

Included in other operating expenses are the following items

	31 12 2011	31 12 2010
	EUR	EUR
Foreign colleagues	2,666,816 85	3,872,922 91
Freelancers	424,480 93	458,479 65
Property costs	733,935 28	739,858 25
Travel and marketing costs	177,862 54	174,500 56
Training and other general overhead expenses	849,019 61	643,115 78
Further other expenses	166,440 42	14,732 43
	5,018,555 63	5,903,609 58

## 5. Financial income and financial expenses

Included in financial income are the following items

	31 12 2011	31 12 2010
	EUR	EUR
Interest income from banks	1,138 52	459 00
Gains from exchange rates	34,142 37	35,680 86
Other financial income	614 19	548 64
	35,895 08	36,688 50

Included in financial expenses are the following items

	31 12 2011	31 12 2010
	EUR	EUR
Interest expenses	892 13	6,278 67
Exchange losses	49,450 63	101,540 73
Other financial expenses	3,143 87	3,481 70
	53,486 63	111,301 10

The interest income and interest expenses are attributable to financial assets and financial liabilities

## 6. Other disclosures concerning the income statement

### Depreciation

Depreciation on property, plant and equipment and intangible assets of EUR 110,740 19 (previous year EUR 124,403 43) is recognised in the income statement

### Personnel expenses

The overall costs of wages and salaries and social insurance contributions amounted to EUR 4,343,227 14 (previous year EUR 4,359,310 68)

In the financial year 2011 the LLP employed 85 persons (previous year 95) These are permanent employees

## 7. Property, plant and equipment

	Buildings on rented property	Other equipment, operational and office equipment	Total
	EUR	EUR	EUR
Accumulated cost			
Balance 1 January 2011	86,340 63	866,707 59	953,048 22
Additions	1,609 60	28,715 06	30,324 66
Disposals	0 00	-39,812 79	-39,812 79
Balance 31 December 2011	87,950 23	855,609 86	943,560 09
Accumulated depreciation			
Balance 1 January 2011	21,767 19	513,497 59	535,264 78
Additions	9,234 75	94,128 84	103,363 59
Disposals	0 00	-39,688 79	-39,688 79
Balance 31 December 2011	31,001 94	567,937 64	598,939 58
Carrying amount			
Balance 1 January 2011	64,573 44	353,210 00	417,783 44
Balance 31 December 2011	56,948 29	287,672 22	344,620 51

The useful economic life of assets is estimated as follows

Leasehold improvements (corresponding to the duration of the rental agreements)	1 -10 years
Other installations, operating and business equipment	3 to 20 years

## 8 Intangible assets

	Intangible assets
	EUR
Accumulated cost	
Balance 1 January 2011	111,377 59
Additions	4,863 60
Disposals	-33,805 00
Balance 31 December 2011	82,436 19
Accumulated depreciation	
Balance 1 January 2011	101,729 59
Additions	7,376 60
Disposals	-33,803 00
Balance 31 December 2011	75,303 19
Carrying amount	
Balance 1 January 2011	9,648 00
Balance 31 December 2011	7,133 00

## 9. Trade receivables

The structure of trade receivables is set out in the following

	31 December 2011	31 December 2010
	EUR	EUR
Trade receivables	1,854,407 93	1,812,528 24
Doubtful accounts	13,234 69	36,693 60
Allowances	-9,400 00	-27,200 00
Unfinished work	1,076,415 81	901,414 86
	2,934,658 43	2,723,436 70

## 10. Other receivables

	31 December 2011	31 December 2010
	EUR	EUR
Clearing accounts	62,678 08	101,717 88
Prepayments	18,192 02	17,424 89
Other	1,818 86	2,498 79
	82,688 96	121,641 56

Clearing accounts relate to European Patent Office, Office for the Harmonization in the International Market and World Intellectual Property Organization

## 11. Cash and cash equivalents

	31 December 2011	31 December 2010
	EUR	EUR
Cash and cash equivalents	360,233 74	158,640 04

**12. Equity and members' interests**

	Equity Members other reserves	Members capital	Members Other Interests Amounts due to/(from) members	Total	Total
	EUR	EUR	EUR	EUR	EUR
Balance at 1 January 2011	461,107 11	360,000 00	604,051 14	964,051 14	1,425,158 25
Profit for the year	3,062,922 78	0 00	0 00	0 00	3,062,922 78
Profits allocated to members during the year	-2,466,324 49	0 00	2,466,324 49	2,466,324 49	0 00
Drawings and distributions	-461,107 11	0 00	-1,865,051 70	-1,865,051 70	-2,326,158 81
Repayments of capital	0 00	-100,000 00	0 00	-100,000 00	-100,000 00
Capital introduced by members	0 00	37,500 00	-37,500 00	0 00	0 00
Balance at 31 December 2011	596,598 29	297,500 00	1,167,823 93	1,465,323 93	2,061,922 22
Amounts due to members			1,167,823 93		

In the event of a winding-up the amounts due to members rank as unsecured creditors. Such balances (and member's capital) rank after unsecured creditor.

Members' other reserves include certain amounts retained from profits arising in previous years pending their allocation to members.

The average number of members of the LLP during the year was 5.

**13. Provisions**

	31 December 2011	31 December 2010
	EUR	EUR
Non-current provisions		
Storage	127,000 00	125,000 00
Removal costs and impending losses	31,148 10	46,038 50
	158,148 10	171,038 50

The non-current provisions are provisions for storing business documents, removal costs for buildings on rented property and impending losses for disused rented property. All other provisions as at 31 December 2011 have an estimated cash outflow of less than one year.

#### 14. Short-term bank borrowings

	31 December 2011	31 December 2010
	EUR	EUR
Short-term bank borrowings	0.00	77,228.90

With effective date 5 June 2009 the partnership has raised a loan of EUR 300,000.00 from Nassauische Sparkasse, Wiesbaden. The monthly repayments were EUR 13,021.00, starting on 30 July 2009. The interest rate was 3.95 %. In 2011 the loan was fully repaid.

In respect of the loan the members have each provided the Nassauische Sparkasse with a guarantee of EUR 450,000.00.

#### 15. Trade payables and other liabilities

	31 December 2011	31 December 2010
	EUR	EUR
Trade payables	891,621.60	1,209,144.48
Accruals	130,100.00	120,100.00
Prepayments received	24,087.98	19,202.49
Other liabilities	126,547.26	100,431.57
Tax liabilities	336,907.48	308,845.55
	1,509,264.32	1,757,724.09

No interest is payable on trade accounts payable or other liabilities.

## **16. Other financial obligations and contingencies**

### **Obligations arising from operating leases - the LLP as a lessee**

The LLP has entered into lease agreements for various technical equipment. The leases have a term of 1 to 5 years and do not contain any extension options. There are no purchase options for the partnership.

Minimum leasing payment obligations of EUR 25,549.20 for the next year and EUR 58,851.40 for the years 2 through 5 existed as of the balance sheet date as a result of non-cancellable periods of operating leases.

Costs from leasing payments of EUR 35,796.66 were incurred in financial year 2011.

### **Obligations attributable to rent liabilities**

The future financial obligations attributable to rental agreements amount to EUR 535,789.32 for the next year and EUR 2,020,291.60 for the years 2 through 5 existed and EUR 999,333.00 beyond five years.

Rental costs of EUR 565,090.11 were incurred in the financial year 2011.

The existing rental agreements mainly include extension options of between one month and three years as well as one- to two-year rent adjustment clauses. There are no purchase options for the partnership.

### **Litigation**

In 2011 a client of LLP purported that it suffered damages as a result of professional negligence conducted by a former partner of the Isenbruck Boesl Hoerschler Wichmann Huhn GbR, the predecessor of the LLP, and its associate patent lawyer in 2008. According to the allegations of the client, the former partner is responsible for the fact that the client lost its patent rights due to a decision of the Technical Board of Appeal of the European Patent Office. Given the circumstances of the case it seems highly likely that the LLP will, in principle, be liable for professional negligence conducted by its legal predecessor. Thus, the LLP notified its professional liability insurer of the case (ERGO). The insurer commissioned an independent legal expert to assess the case especially with respect to patent law issues. According to the preliminary results of the legal expert and the LLP's own assessment, the economic impact of the patent rights claimed to be lost as well as the amount of potential damages incurred cannot be estimated under the present circumstances. In this connection, it cannot be excluded that the insurance sum will not be sufficient to cover the entire amount of potential damages. At the same time there are good chances to defend the allegations and to win an imminent lawsuit.

## **17. Related party disclosures**

The members of the partnership are considered to be related parties of the LLP with regard to IAS 24

The members of the partnership cumulatively hold all shares in the partnership. The shares in members' capital determine the interest of the partnerships' assets. The share in members' capital may vary from the share in profit.

## **18. Objectives and methods of financial risk management**

The business requires to assume certain financial risks. These risks can be classified in three categories:

- **Credit risk** the risk that contractually agreed payments are received with delay or even not at all
- **Liquidity Risk** the risk that the partnership is partially or completely not able to fulfil financial obligations
- **Market risk** the risk that fluctuations in foreign currency exchange rates have a negative impact to the economical situation of the partnership

All risks are limited by an adequate risk management. The handling of these risks is set out in guidelines and process descriptions. Further, the current levels of the risks are continuously monitored and reported to the members in standardized reports.

In the following the three risk areas are described in detail. Further information is provided in the management report.

### **Credit risk**

Credit risk mainly consists of the risk that a receivable is paid delayed or is partially or completely not paid at all. This risk is minimized by a variety of means. Generally the creditworthiness of existing and potential customers will be checked. Only if this check shows a positive result a business relationship will be started. As part of the management of receivables all open items and the due dates are monitored and the respective client in case of delays in payments will be contacted. Remaining risks are covered by bad debt allowances. On a regular basis it will be checked whether there is a need to record an allowance to certain receivables. Indicators for this need are significant financial difficulties of the debtor like illiquidity or bankruptcy. Allowances are used to write off receivables if it is highly certain that a payment cannot be expected anymore.

### **Liquidity management**

The existing liquidity management minimizes the risk of illiquidity of the partnership. The partnership is able to generate the necessary liquidity from the operating business.

### **Market risk**

Since the key operations of the partnership happen in Germany, there are no significant risks resulting from foreign currency differences. Short-term receivables and payables are not exposed to interest rate risks.

### **19. Events after the balance sheet date**

Subsequent events of major impact which would modify the assessment of the partnership's net assets or financial position as result of operations did not occur up to the date of approval of the financial statements.