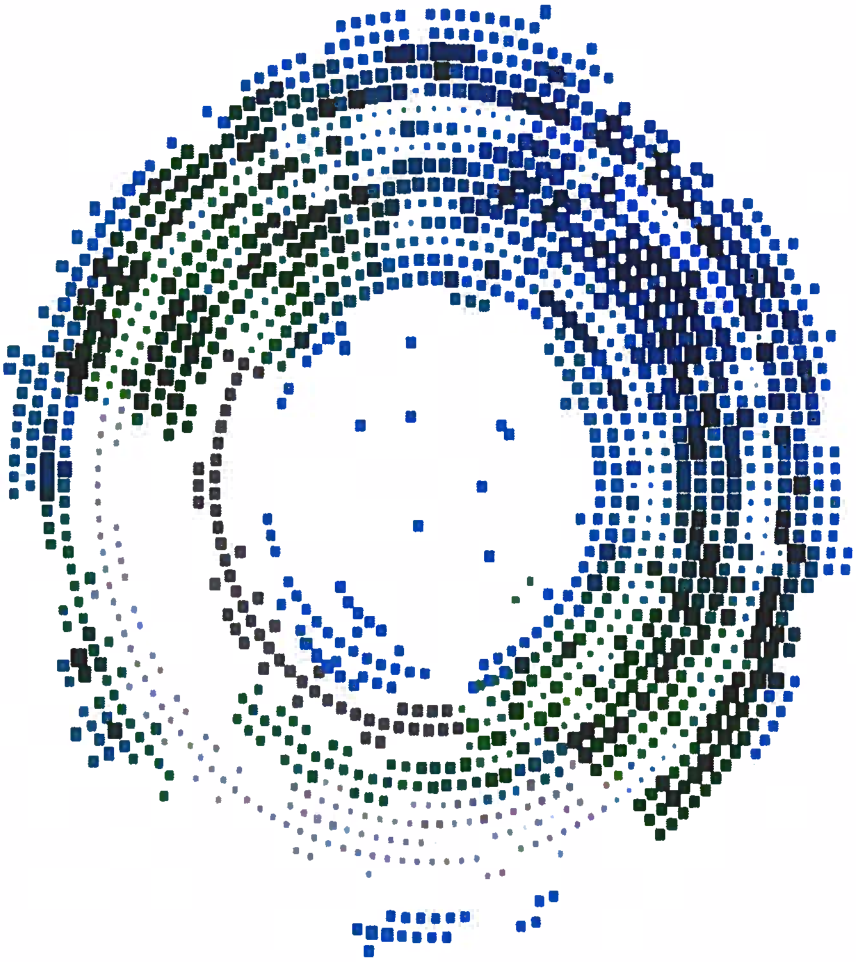
Deloitte.



Clipper Bulk A/S

Sundkrogsgade 19
2100 København Ø
CVR No. 21289086

Annual report 2021

The Annual General Meeting adopted the annual report on 16.06.2022

Thomas Martinussen
Chairman of the General Meeting

Contents

Entity details

Entity

Clipper Bulk A/S

Sundkrogsgade 19

2100 København Ø

Business Registration No.: 21289086

Registered office: København

Financial year: 01.01.2021 - 31.12.2021

Board of Directors

Frank Gülnar Jensen, Chairman

Amrit Peter Kalsi

Thomas Martinussen

Executive Board

Amrit Peter Kalsi, CEO

Henrik Kvist-Jacobsen, CFO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Clipper Bulk A/S for the financial year 01.01.2021 - 31.12.2021.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations and cash flows for the financial year 01.01.2021 - 31.12.2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 16.06.2022

Executive Board

Amrit Peter Kalsi
CEO

Henrik Kvist-Jacobsen
CFO

Board of Directors

Frank Gülnar Jensen
Chairman

Amrit Peter Kalsi

Thomas Martinussen

Independent auditor's report

To the shareholder of Clipper Bulk A/S

Opinion

We have audited the financial statements of Clipper Bulk A/S for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations and cash flows for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines 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, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has 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 and the additional requirements applicable in Denmark 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.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary
Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and 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 management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 16.06.2022

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Kim Takata Mücke
State Authorised Public Accountant
Identification No (MNE) mne10944

Anette Beltrão-Primdahl
State Authorised Public Accountant
Identification No (MNE) mne45854

Management commentary

Financial highlights

	2021 USD'000	2020 USD'000	2019 USD'000	2018 USD'000	2017 USD'000
Key figures					
Revenue	25,466	23,832	34,225	34,016	12,686
Gross profit/loss	16,183	14,023	17,082	14,530	(1,075)
Operating profit/loss	861	(153)	1,154	660	(1,138)
Net financials	267	(179)	(165)	85	7
Profit/loss for the year	1,981	531	1,364	22,958	(20,002)
Total assets	42,902	36,313	31,792	45,254	35,960
Investments in property, plant and equipment	499	4,932	1,764	3,402	0
Equity	26,499	24,518	24,526	23,144	266
Cash flows from (used in) operating activities	632	894	1,378		
Cash flows from (used in) investing activities	635	1,468	(1,764)		
Cash flows from (used in) financing activities	(1,223)	(1,960)			
Ratios					
Gross margin (%)	63.55	58.84	49.91	42.72	(8.47)
EBIT margin (%)	3.38	(0.64)	3.37	1.94	(8.97)
Net margin (%)	7.78	2.23	3.99	67.49	(157.67)
Return on equity (%)	7.77	2.17	5.72	196.14	40.61
Equity ratio (%)	61.77	67.52	77.15	51.14	0.74

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Gross margin (%):

$$\frac{\text{Gross profit/loss} * 100}{\text{Revenue}}$$

EBIT margin (%):

$$\frac{\text{Operating profit/loss} * 100}{\text{Revenue}}$$

Net margin (%) :
Profit/loss for the year * 100
Revenue

Return on equity (%):
Profit/loss for the year * 100
Average equity

Equity ratio (%):
Equity * 100
Total assets

Primary activities
The Company's primary activities involve commercial management of vessels globally as well as owning the subsidiary Clipper Bulk Maritimos Transportes Ltd.

Furthermore, the Company owns 49 % in SARL Clipper Agency Algeria , and 37,50 % in Steel Connect Cooperatief U.A., which has part ownership in a steel terminal in Altamira, Mexico.

Development in activities and finances
The profit for the year is USD 1,981k and the Company has an equity of USD 26,499k at December 31, 2021. The result of the year is considered satisfying.

Profit/loss for the year in relation to expected developments
Clipper Bulk A/S have realized a result for the year which was expected.

Uncertainty relating to recognition and measurement
No specific uncertainties relating to recognition and measurement has been identified.

Outlook
Overall, for 2022 Clipper Bulk A/S expects an operating result in line with 2021.

Events after the balance sheet date
No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2021

	Notes	2021 USD'000	2020 USD '000
Revenue		25,466	23,832
Other external expenses		(9,283)	(9,809)
Gross profit/loss		**16,183**	**14,023**
Staff costs	2	(14,487)	(11,474)
Depreciation, amortisation and impairment losses	3	(835)	(2,702)
Operating profit/loss		**861**	**(153)**
Income from investments in group enterprises		5	(15)
Income from investments in associates		623	1,519
Other financial income	4	560	161
Other financial expenses	5	(293)	(340)
Profit/loss before tax		**1,756**	**1,172**
Tax on profit/loss for the year	6	225	(641)
Profit/loss for the year	7	**1,981**	**531**

Balance sheet at 31.12.2021

Assets

	Notes	2021 USD'000	2020 USD'000
Other fixtures and fittings, tools and equipment		1,619	1,999
Leasehold improvements		508	519
Leased assets		3,822	3,808
Property, plant and equipment	8	**5,949**	**6,326**
Investments in group enterprises		324	319
Investments in associates		5,569	5,569
Financial assets	9	**5,893**	**5,888**
Fixed assets		**11,842**	**12,214**
Receivables from group enterprises		28,592	21,990
Other receivables		1,710	1,491
Joint taxation contribution receivable		96	0
Receivables		**30,398**	**23,481**
Cash		**662**	**618**
Current assets		**31,060**	**24,099**
Assets		**42,902**	**36,313**

Equity and liabilities

	Notes	2021 USD'000	2020 USD'000
Contributed capital		35,385	35,385
Retained earnings		(8,886)	(10,867)
Equity		**26,499**	**24,518**
Provisions for investments in group enterprises	10	0	6
Provisions		**0**	**6**
Lease liabilities		3,428	3,639
Other payables		685	0
Non-current liabilities other than provisions	11	**4,113**	**3,639**
Current portion of non-current liabilities other than provisions	11	412	1,057
Trade payables		646	538
Payables to group enterprises		3,955	3,472
Other payables		7,277	3,083
Current liabilities other than provisions		**12,290**	**8,150**
Liabilities other than provisions		**16,403**	**11,789**
Equity and liabilities		**42,902**	**36,313**
Events after the balance sheet date	1		
Contingent liabilities	13		
Transactions with related parties	14		
Group relations	15		

Statement of changes in equity for 2021

	Contributed capital USD'000	Retained earnings USD'000	Total USD'000
Equity beginning of year	35,385	(10,867)	24,518
Profit/loss for the year	0	1,981	1,981
Equity end of year	**35,385**	**(8,886)**	**26,499**

Cash flow statement for 2021

	Notes	2021 USD'000	2020 USD'000
Operating profit/loss		861	(153)
Amortisation, depreciation and impairment losses		864	2,707
Working capital changes	12	(799)	(1,161)
Cash flow from ordinary operating activities		**926**	**1,393**
Financial income received		0	161
Financial expenses paid		(294)	(226)
Taxes refunded/(paid)		0	(434)
Cash flows from operating activities		**632**	**894**
Acquisition etc of property, plant and equipment		0	(51)
Sale of property, plant and equipment		12	0
Dividends received from associates		623	1,519
Cash flows from investing activities		**635**	**1,468**
Free cash flows generated from operations and investments before financing		**1,267**	**2,362**
Repayment of leasing debt		(1,223)	(1,960)
Cash flows from financing activities		**(1,223)**	**(1,960)**
Increase/decrease in cash and cash equivalents		**44**	**402**
Cash and cash equivalents beginning of year		618	216
Cash and cash equivalents end of year		**662**	**618**
Cash and cash equivalents at year-end are composed of:			
Cash		662	618
Cash and cash equivalents end of year		**662**	**618**

Notes

1 Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

2 Staff costs

	2021 USD'000	2020 USD'000
Wages and salaries	8,372	10,179
Pension costs	1,123	714
Other social security costs	132	79
Other staff costs	4,860	502
	14,487	**11,474**

Average number of full-time employees	**47**	**58**

	Remuneration of Management 2021 USD'000	Remuneration of Management 2020 USD'000
Executive Board	124	55
	124	**55**

The Executive Board receives its entire annual remuneration for being key management persons for multiple entities within the whole Clipper Group from Clipper Bulk A/S. The above remuneration represent the amount for being members of the executive board of Clipper Bulk A/S only.

3 Depreciation, amortisation and impairment losses

	2021 USD'000	2020 USD'000
Depreciation of property, plant and equipment	864	1,870
Impairment losses on property, plant and equipment	0	718
Profit/loss from sale of intangible assets and property, plant and equipment	(29)	114
	835	**2,702**

4 Other financial income

	2021 USD'000	2020 USD'000
Other interest income	0	1
Exchange rate adjustments	560	160
	560	**161**

5 Other financial expenses

	2021 USD'000	2020 USD'000
Other interest expenses	174	244
Exchange rate adjustments	0	72
Other financial expenses	119	24
	293	**340**

6 Tax on profit/loss for the year

	2021 USD'000	2020 USD'000
Current tax	(85)	641
Adjustment concerning previous years	(140)	0
	(225)	**641**

7 Proposed distribution of profit and loss

	2021 USD'000	2020 USD'000
Retained earnings	1,981	531
	1,981	**531**

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment USD'000	Leasehold improvements USD'000	Leased assets USD'000
Cost beginning of year	3,288	964	4,881
Additions	0	0	499
Disposals	0	(456)	(957)
Cost end of year	**3,288**	**508**	**4,423**
Depreciation and impairment losses beginning of year	(1,289)	(445)	(1,074)
Depreciation for the year	(380)	0	(484)
Reversal regarding disposals	0	445	957
Depreciation and impairment losses end of year	**(1,669)**	**0**	**(601)**
Carrying amount end of year	**1,619**	**508**	**3,822**

9 Financial assets

	Investments in group enterprises USD'000	Investments in associates USD'000
Cost beginning of year	729	5,569
Cost end of year	**729**	**5,569**
Impairment losses beginning of year	(410)	0
Share of profit/loss for the year	5	0
Impairment losses end of year	**(405)**	**0**
Carrying amount end of year	**324**	**5,569**

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Clipper Bulk Transportes Maritimos Ltda	Brazil	Ltda	99.00

Investments in associates	Registered in	Corporate form	Equity interest %
Steel Connect Coöperatief U.A.	The Netherlands	U.A.	37.50
Clipper Agencies Algeria S.a.r.l.	Algeria	S.a.r.l	49.00

10 Provisions for investments in group enterprises

Provision for investments in group enterprises comprises entities with negative equity.

11 Non-current liabilities other than provisions

	Due within 12 months 2021 USD'000	Due within 12 months 2020 USD'000	Due after more than 12 months 2021 USD'000
Lease liabilities	412	1,057	3,428
Other payables	0	0	685
	412	**1,057**	**4,113**

12 Changes in working capital

	2021 USD'000	2020 USD'000
Increase/decrease in receivables	(6,692)	(1,201)
Increase/decrease in trade payables etc	5,893	40
	(799)	**(1,161)**

13 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Clipper Group Ltd. serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

14 Transactions with related parties

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

15 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Clipper Group Ltd.
29 Charlotte Island
Old Fort Bay
P.O. Box CB-13048
Nassau, The Bahamas

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Clipper Bulk Shipping Ltd.
29 Charlotte Island
Old Fort Bay
P.O. Box CB-13048
Nassau, The Bahamas

None of the consolidated financial statements are publicly available.

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

As the Company's functional currency is in USD, the annual report has been presented in USD as the reporting currency. The exchange rate for DKK against USD is 6,56 at December 31, 2021 (2020: 6,06).

Changes in accounting policies

With effect from 1 January 2021, the Company has changed its accounting policies for revenue recognition and lease accounting by implementing IFRS 15 and IFRS 16, respectively. Comparative figures for 2020 have been restated where relevant.

Apart from these changes, the accounting policies are unchanged compared to 2020.

Changes in accounting policies related to IFRS 15

With effect from 1 January 2021, the Company recognizes revenue in accordance with the principles of the international accounting standard IFRS 15 Revenue from contracts with customers. The basic principle of IFRS 15 is that revenue should be recognized in a manner that reflects the transfer of control over goods or services to the customer at an amount equal to that what the Company expects to be entitled to receive. The implementation of IFRS 15 has not had any impact on the recognition and measurement of revenue in 2021 and 2020.

Changes in accounting policies related to IFRS 16

With effect from 1 January 2021, the Company has implemented the principle of the international accounting standard IFRS 16 Leasing so that leasing arrangements are generally recognized on the balance sheet as right-of-use assets and leasing liabilities, respectively, except for leasing contracts with a maturity of less than 12 months (short-term leasing contracts) and leasing agreements for low-value assets. The use of IFRS 16 changes the accounting treatment of lease agreements previously classified as operating leases and therefore not previously recognized on the balance sheet. Leases relating to operating leases were previously recognized in the income statement as other external costs over the lease period. The detailed accounting policies for right-of-use assets and leasing liabilities are further described below.

The change in accounting policies has led to an increase in fixed assets and liabilities of 3,822k USD and 3,840k USD, respectively at 31.12.2021. The total effect of the change in accounting policies is an increase in pre -tax profit of 18k USD for 2021.

Apart from the impact of the above areas, the implementation of IFRS 16 for the interpretation of the provisions of the Danish Financial Statements Act on the recognition and measurement of assets, liabilities and profits has not resulted in any significant changes in the financial position of the company and the result.

Consolidated financial statements

The Parent Company generally accounts for 99% to 100% of the Group. Therefore, income statement, balance sheet and note disclosures are generally identical for the Parent Company and the Group or with only immaterial deviations between the Parent Company's and the Group's disclosures. As a consequence of this, Management has decided not to prepare consolidated financial statements.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.
Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

When recognising foreign subsidiaries, the income statements are translated at average exchange rates for the year. Balance sheet items are translated using the exchange rates at the balance sheet date. The difference in exchange are recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue comprise commercial management fee. Income from management and administration services is recognized at the value of the remuneration that the Company is expected to be entitled to receive for the supply of services under the agreements. Net turnover is calculated excluding amounts collected on behalf of third parties, such as VAT and taxes.

Revenue related to management and administration agreements is recognised over time. The transaction price is divided between the individual service obligations consisting of management and administrative services, proportionate to each supply obligation on the basis of the relative selling price of each service.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, IT costs, etc.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Income from investments in associates
Income from investments in associates comprises dividends etc received from the individual associates in the financial year.

Other financial income
Other financial income include interest and foreign exchange rate translation gains.

Other financial expenses
Other financial expenses include interest and foreign exchange rate translation losses.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity partiliptates in a joint taxation. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Property, plant and equipment
Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.
Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	3-10 years

For leasehold improvements, the depreciation period cannot exceed the contract period. For leasehold improvement related to art no depreciation is made.

Estimated useful lives and residual values are reassessed annually.
Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Lease agreements
For short-term leasing contracts (lease period of 12 months maximum and no extension options) and lease agreements relating to low-value leasing assets (e.g. PC's and office furniture), the lease costs are still recognized

on a straight-line basis over the term of the contract. This cost is recognized under other external costs in the income statement.

For all other lease agreements:
a) Leases and leasing liabilities are recognized in the balance sheet, measured for the first time at the present value of future lease payments.
b) Depreciation and impairment losses of leasing assets and interest on lease liabilities are recognized in the income statement.
c) The total lease payment is divided into installments on the lease liability (shown under financing activities in the cash flow statement) or interest (shown under operating activities in the cash flow statement).
If the lease contains elements which are not leasing (e.g. a service contract on the leased assets), these are excluded from the lease payment based on the individual selling prices of the items, and are recognized separately.

Lease assets are written down to recoverable amount if this is lower than the carrying amount. This replaces the previous requirement to include a provision for loss-making lease agreements.

Investments in group enterprises
Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Group enterprises with negative equity value are measured at USD 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Investments in associates
Investments in associates are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Investments in associates fall within the definitions of both participating interests and associates, yet in the financial statements they have been presented as investments in associates because this designation reflects more accurately the Company's involvement in the relevant entities.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Joint taxation contributions receivable or payable
Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Cash
Cash comprises cash in hand and bank deposits.

Other provisions
Other provisions relate to negative value in subsidiaries as described under "Investments in group enterprises".

Lease liabilities
Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Cash flow statement
The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt and payment of dividend.

Cash and cash equivalents comprise cash and bank deposits.