



Copenhagen Offshore Partners A/S

Gdanskgade 18, 2.
2150 Nordhavn
CVR No. 36914793

Annual report 2023

The Annual General Meeting adopted the annual report on 27.06.2024

Lennart Flemming Meineche
Chairman of the General Meeting

Contents

Entity details	2
Statement by Management	3
Independent auditor's report	4
Management commentary	7
Income statement for 2023	12
Balance sheet at 31.12.2023	13
Statement of changes in equity for 2023	15
Cash flow statement for 2023	16
Notes	17
Accounting policies	21

Entity details

Entity

Copenhagen Offshore Partners A/S
Gdanskgade 18, 2.
2150 Nordhavn

Business Registration No.: 36914793
Date of foundation: 05.06.2015
Registered office: Nordhavn
Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Elisabeth Scheinemann
Rikke Stryhn Pedersen
Lennart Flemming Meineche

Executive Board

Henrik Scheinemann
Lars Thaaning Pedersen
Thorbjørn Nordvang Mejdahl Lund-Poulsen

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 Copenhagen Offshore Partners A/S for the financial year 01.01.2023 - 31.12.2023.

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 31.12.2023 and of the results of its operations and cash flows for the financial year 01.01.2023 - 31.12.2023.

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, 27.06.2024

Executive Board

Henrik Scheinemann

Lars Thaaning Pedersen

Thorbjørn Nordvang Mejdahl Lund-Poulsen

Board of Directors

Elisabeth Scheinemann

Rikke Stryhn Pedersen

Lennart Flemming Meineche

Independent auditor's report

To the shareholders of Copenhagen Offshore Partners A/S

Opinion

We have audited the financial statements of Copenhagen Offshore Partners A/S for the financial year 01.01.2023 - 31.12.2023, 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 31.12.2023 and of the results of its operations and cash flows for the financial year 01.01.2023 - 31.12.2023 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 by relevant law and regulations.

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, 27.06.2024

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Anders Houmann

State Authorised Public Accountant

Identification No (MNE) mne46265

Management commentary

Financial highlights

	2023	2022	2021	2020	2019
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Revenue	706,574	557,919	N/A*	N/A*	N/A*
Gross profit/loss	266,931	261,463	120,329	99,639	115,023
Operating profit/loss	168,997	204,656	90,689	67,478	45,649
Net financials	(3,181)	3,982	(1,877)	(3,750)	178
Profit/loss for the year	131,325	159,986	66,662	52,213	31,944
Total assets	321,699	213,560	188,514	175,605	118,967
Investments in property, plant and equipment	534	74	0	0	
Equity	192,386	123,825	109,519	89,021	39,023
Ratios					
Gross margin (%)	37.78	46.86	N/A	N/A	N/A
EBIT margin (%)	23.92	36.68	N/A	N/A	N/A
Net margin (%)	18.59	28.68	N/A	N/A	N/A
Return on equity (%)	83.06	137.12	67.15	81.55	137.97
Equity ratio (%)	59.80	57.98	58.10	50.69	32.80

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

* Due to a change of the accounting class from class C medium to class C large in 2023, the Annual Report does not include the comparable revenue amounts and the corresponding ratios for the years preceding 2022.

Gross margin (%):

Gross profit/loss * 100

Revenue

EBIT margin (%):

Operating profit/loss * 100

Revenue

NetMargin (%):

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

COP A/S provides consultancy services for the development and construction of large scale energy infrastructure projects primarily within offshore wind. Services are mainly within project management, procurement, permitting, business case evaluation and technical advisory.

Development in activities and finances

2023 has progressed as planned with high growth in revenue (+27%). Profit for the year is DKK 129 million compared to DKK 160 million in 2022 but is still considered satisfactory. The result in the previous year was significantly impacted by one-off payments related to multi-year successful project deliveries to former client. Financial performance has been in accordance with the forecast for the period.

Profit/loss for the year in relation to expected developments

The growth in 2023 has, as per our expectations, been in line with growth in 2022.

Outlook

The investment outlook in the offshore wind industry is good, however competition is picking up as other players have entered this attractive market. Supply chains in the offshore wind industry are impacted by shortages coupled with price increases. However, growth outlook for 2024 is unchanged.

Foreign branches

Activity has increased significantly across all regions. Besides the well-established activities in Europe, AsiaPacific and North America; a new subsidiary has been established in the Philippines. With this new footprint, COP is now present in 18 countries each holding a strong growth potential for off shore wind.

Statutory report on corporate social responsibility

This statutory statement on Corporate Social Responsibility (CSR) – cf. sections 99a, 99b and 99d of the Danish Financial Statements Act – covers the financial period from 1 January to 31 December 2023.

At COP we recognise the environmental, social and governance (ESG) impacts we have on society, and the contributions we make helping the countries where we operate to reduce the carbon footprint and increase renewable energy production by developing and constructing offshore wind farms.

Section 99a – Corporate and Social Responsibilities

At COP, we realise that we have an impact on society and we strive to keep that impact positive in all respects.

Social and Environmental

As a company within the renewable energy industry we have a significant positive impact on the environment. As the exclusive service provider to the largest dedicated renewable investment fund in the world, COP has a pivotal role in reducing carbon emissions by developing and constructing renewable energy generation projects, mainly within offshore wind, which is also the area that attracts the largest share of Copenhagen Offshore Partners, ("hereinafter "CIP") fund investments.

Our social impact is addressed in many documents. As a trusted and responsible partner, and member of a global industry, COP and all of our staff must respect and comply with the laws and regulations we are subject to, including the areas of Anti-Money-Laundering, Anti-Bribery and Anti-Corruption, Conflicts of Interest and Data Protection. The company has formulated policies in each of these areas, and we are dedicated and committed to enforce these policies and regulation.

Human Rights

While we recognise our responsibility to respect and promote international human rights standards, we do not have an established policy for human rights specifically. COP is, however, committed to acting in accordance with the United Nations Guiding Principles on Business and Human Rights. We fully endorse and support the principles enshrined in the International Bill of Human Rights.

Anti-Corruption

COP has a zero-tolerance policy towards bribery and corruption, regardless of the identity or position of the originator or recipient. COP requires employees to conduct business in accordance with the highest standards of ethical behavior and honesty. This means that we are committed to the prevention, deterrence and detection of bribery and corruption. Bribery and corruption are criminal offences and are clear violations of the COP Values. Engaging in behavior or activities contrary to COP's Values, as well as all other applicable laws and regulations, violates our promise to our stakeholders. We do not, and will not, pay bribes or offer improper inducements to anyone for any purpose, nor do we, or will we, accept bribes or improper inducements or anything that could be perceived as such, and we have the same expectations of our third parties and clients. Our zero-tolerance approach towards bribery and corruption also applies to third parties, with whom COP does business or who are retained by COP to perform services or deliver business for and on behalf of the company. Our commitment is documented in our Anti-Bribery and Corruption Statement and in our Code of Conduct.

In the event an employee, contractor, supplier, customer and/or other external party associated with COP witnesses or becomes aware of wrongdoing or misconduct related to our business operations, they are encouraged to report the misconduct using COP's Speak Up! Whistleblower platform to report the issue. Link to the Whistleblower platform can be found on COP's webpage www.cop.dk

Description of our general business model

Copenhagen Offshore Partners (hereinafter "COP") provides consultancy services to large scale energy infrastructure projects primarily within offshore wind. Services are mainly within project development and management, procurement, permitting, business case evaluation and technical advisory. COP is a consultancy service provider and does not own the offshore wind projects, nor the components used in projects as this is done by other parties - often institutional investors, which are responsible for funding and have the ownership to the projects. Thus, despite that an offshore wind farm is a capital-intensive project requiring extensive financing, COP is an asset-light company.

COP works closely together with Copenhagen Infrastructure Partners, (hereinafter "CIP"), which is a fund management company. CIP specialises in originating proprietary investment opportunities and executing projects and investments and to attract and commit capital from investors. Investments of CIP includes a wide range of energy infrastructure assets, including offshore wind, onshore wind, offshore power transmission, biomass and waste to energy, and solar PV investments.

Description of major risks

Market Risk:

COP relies on demand for its services. Market risk arises when demand decreases due to economic downturns, technological changes, supply chain disruptions or competition from other companies. COP is not reliant on one single geographical market or project.

Client Dependency:

COP is heavily reliant on its relationship with CIP and CIP related entities. If CIP or CIP related entities withdraws or

switches to another provider, it can negatively impact COPs revenue.

Employee Turnover:

COP depends on skilled employees. Key personnel leaving the company can affect project execution and client satisfaction, and high employee engagement and retention is therefore a key priority.

Technological Risk:

COP is focused on delivering consultancy services within offshore wind and associated technologies. Any disruption in the offshore wind and associated technologies could impact COPs revenue. Keeping up with the latest trends and innovations in the industry is therefore a key priority.

Contract and Legal Risk:

COP enter into contracts with clients and suppliers. Non-compliance with contracts or legal disputes could affect COP's reputation and finances. COP does not procure for offshore wind projects in its own name. COP operates legal entities in many different jurisdictions across the world, and staying compliant in these jurisdictions is a key priority.

Financial Risk:

Fluctuations in exchange rates, interest rates, and economic conditions can impact COPs earnings and liquidity. COP seeks to hedge foreign exchange risk by having revenue in same currency as costs. Customer credit risk is perceived to be low since our largest counterpart is CIP. COP must maintain sufficient liquidity to fund daily operations, service debt and expansion. COP's access to liquidity consists of cash & cash equivalents, including access to committed revolving credit facilities.

Cyber and Data Security Risk:

COP handle sensitive data. The risk of data leaks, cyberattacks, or breaches in data security can have serious consequences.

Statutory report on diversity

COP emphasizes diversity within its workforce, spanning over 45 nationalities. Committed to achieving a more balanced leadership structure, we currently have women in 16% of leadership roles and are working towards a more equitable gender and local representation in management.

While specific targets or quotas for female representation are not currently in place, the company acknowledges the importance of diversity at this level. The board have two female board members (out of 3).

Statutory report on data ethics policy

As a company registered and operating within the EU, COP is subject to the General Data Protection Regulation (GDPR). To ensure compliance with this regulation, the Board of Directors at COP has approved more detailed policies pertaining to GDPR rules. Please read our Data Ethics Policy at the bottom of the landing page on our website: www.cop.dk. While COP only holds limited personal information, such information must always be treated with utmost respect for the integrity and rights of the individual. Access to such data is restricted and, only staff with a relevant business need are given access.

Events after the balance sheet date

No events materially affecting the Group's financial position on December 31, 2023 have occurred after the balance sheet date.

Income statement for 2023

	Notes	2023 DKK'000	2022 DKK '000
Revenue		706,574	557,919
Production costs		(439,643)	(296,456)
Gross profit/loss		266,931	261,463
Administrative expenses		(97,934)	(56,807)
Operating profit/loss		168,997	204,656
Other financial income		911	4,468
Other financial expenses		(4,092)	(486)
Profit/loss before tax		165,816	208,638
Tax on profit/loss for the year	3	(34,491)	(48,652)
Profit/loss for the year	4	131,325	159,986

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK'000	2022 DKK'000
Other fixtures and fittings, tools and equipment		534	74
Property, plant and equipment	5	534	74
Investments in group enterprises		8,591	6,921
Financial assets	6	8,591	6,921
Fixed assets		9,125	6,995
Trade receivables		142,152	99,250
Contract work in progress	7	76,147	54,531
Receivables from group enterprises		18,777	17,798
Deferred tax	8	4,442	3,540
Other receivables		6,439	4,971
Prepayments	9	10,433	3,162
Receivables		258,390	183,252
Cash		54,184	23,313
Current assets		312,574	206,565
Assets		321,699	213,560

Equity and liabilities

	Notes	2023 DKK'000	2022 DKK'000
Contributed capital		500	500
Translation reserve		1,910	372
Retained earnings		134,308	56,917
Proposed dividend		55,668	66,036
Equity		192,386	123,825
Other payables		4,682	4,293
Non-current liabilities other than provisions	10	4,682	4,293
Prepayments received from customers		15,868	12,478
Trade payables		9,516	6,936
Payables to group enterprises		24,912	18,257
Tax payable		4,962	8,377
Other payables		69,373	39,394
Current liabilities other than provisions		124,631	85,442
Liabilities other than provisions		129,313	89,735
Equity and liabilities		321,699	213,560
Events after the balance sheet date	1		
Staff costs	2		
Contingent liabilities	12		
Transactions with related parties	13		
Group relations	14		

Statement of changes in equity for 2023

	Contributed capital DKK'000	Translation reserve DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	500	372	56,917	66,036	123,825
Ordinary dividend paid	0	0	0	(64,302)	(64,302)
Exchange rate adjustments	0	1,538	0	0	1,538
Other entries on equity*	0	0	1,734	(1,734)	0
Profit/loss for the year	0	0	75,657	55,668	131,325
Equity end of year	500	1,910	134,308	55,668	192,386

Exchange rate adjustments is regarding transactions in foreign branches.

*Other entries on equity relate to a part the proposed dividend that was not paid out in 2023.

Cash flow statement for 2023

	Notes	2023 DKK'000	2022 DKK'000
Operating profit/loss		168,997	204,656
Working capital changes	11	(38,433)	(48,106)
Other adjustments		852	888
Cash flow from ordinary operating activities		131,416	157,438
Financial income received		911	4,468
Financial expenses paid		(4,092)	(490)
Taxes refunded/(paid)		(31,390)	(45,730)
Cash flows from operating activities		96,845	115,686
Capital injection in subsidiaries		(1,670)	198
Cash flows from investing activities		(1,670)	198
Free cash flows generated from operations and investments before financing		95,175	115,884
Dividend paid		(64,304)	(136,408)
Cash flows from financing activities		(64,304)	(136,408)
Increase/decrease in cash and cash equivalents		30,871	(20,524)
Cash and cash equivalents beginning of year		23,313	43,837
Cash and cash equivalents end of year		54,184	23,313
Cash and cash equivalents at year-end are composed of:			
Cash		54,184	23,313
Cash and cash equivalents end of year		54,184	23,313

Notes

1 Events after the balance sheet date

No events with significant impact on the financial statements have occurred subsequent to 31 December 2023

2 Staff costs

	2023	2022
	DKK'000	DKK'000
Wages and salaries	257,507	158,478
Pension costs	17,171	11,345
Other social security costs	9,802	9,595
	284,480	179,418
Average number of full-time employees	220	147

	Remuneration of Management 2023	Remuneration of Management 2022
	DKK'000	DKK'000
Executive Board	8,284	7,449
Board of Directors	35	47
	8,319	7,496

3 Tax on profit/loss for the year

	2023	2022
	DKK'000	DKK'000
Current tax	35,393	49,646
Change in deferred tax	(906)	(1,294)
Adjustment concerning previous years	4	300
	34,491	48,652

4 Proposed distribution of profit and loss

	2023	2022
	DKK'000	DKK'000
Ordinary dividend for the financial year	55,668	66,036
Retained earnings	75,657	93,950
	131,325	159,986

5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	74
Additions	460
Cost end of year	534
Carrying amount end of year	534

6 Financial assets

	Investments in group enterprises DKK'000
Cost beginning of year	6,921
Additions	1,670
Cost end of year	8,591
Carrying amount end of year	8,591

Investments in subsidiaries	Registered in	Equity interest %	Equity DKK'000	Profit/(loss) DKK'000
Copenhagen Offshore Partners Australia PTY LTD	Australia	100.00	1,957	(151)
Copenhagen Offshore Partners Japan LLC	Japan	100.00	1,059	(754)
Copenhagen Offshore Partners Brazil Ltda	Brazil	100.00	277	(61)
Copenhagen Offshore Partners Vietnam Company Limited	Vietnam	100.00	772	(179)

Copenhagen Offshore Partners Korea CO.,LTD	Korea	100.00	5,310	(829)
COP EmpCo 2021 ApS	Denmark	100.00	(32)	11
COP Renewables India Private Limited	India	100.00	26	(11)
COP Inc	USA	100.00	9,840	3,098
Copenhagen Offshore Partners Corp.	Philippines	100.00	1,351	(65)
Copenhagen Offshore Partners NZ, LTD.	New Zealand	100.00	145	190

7 Contract work in progress

	2023	2022
	DKK'000	DKK'000
Contract work in progress	81,542	61,486
Progress billings regarding contract work in progress	(5,395)	(6,955)
	76,147	54,531

8 Deferred tax

	2023	2022
	DKK'000	DKK'000
Changes during the year		
Beginning of year	3,540	2,246
Recognised in the income statement	902	1,294
End of year	4,442	3,540

Deferred tax assets

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities

9 Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

10 Non-current liabilities other than provisions

	Due after	Outstanding
	more than 12	after 5 years
	months	after 5 years
	2023	2023
	DKK'000	DKK'000
Other payables	4,682	4,293
	4,682	4,293

The other payables relate pertains to the frozen holiday amounts owed to employees.

11 Changes in working capital

	2023	2022
	DKK'000	DKK'000
Increase/decrease in receivables	(74,956)	(57,470)
Increase/decrease in trade payables etc	36,523	9,364
	(38,433)	(48,106)

12 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where COP HoldCo 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.

The Entity serves as the administration company in a Danish joint taxation arrangement. 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 these entities.

13 Transactions with related parties

All transactions with related parties in the financial year have been on arm's length basis.

14 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
COP HoldCo ApS, Gdanskgade 18.2, 2150 Nordhavn

Accounting policies

Reporting class

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

Reporting currency is Danish Kroner (DKK)

The financial statements include the Company branches in Germany, Greece, France, Ireland, Italy, Netherlands, Portugal, Spain, Taiwan, UK which is consolidated line by line in accordance with the Danish Financial Statements act.

Consolidated financial statements

Referring to section 112(2) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

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.

Income statement

Revenue

Revenue from sale of service is recognized in the income statement as the service are rendered, implying that the revenue corresponds to the marked value of the service rendered in the year.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year.

Production costs

Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for wages and salaries, amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item

includes ordinary write-down of inventories.

Administrative expenses

Administrative expenses comprise expenses incurred for the Entity's advisory and services, including wages and salaries for administrative staff and Management, rent & lease, stationery and office supplies, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Other financial income

Other financial income comprises including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

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. Tax on profit/loss for the year includes tax in Taiwan.

The Entity is jointly taxed with all Danish group enterprises. 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

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

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

Receivables

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

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

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 financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and 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, including lease liabilities, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.