



COP Holdco ApS

Amerika Plads 29, 2.
2100 København Ø
CVR No. 38982338

Annual report 2021

The Annual General Meeting adopted the
annual report on 30.06.2022

Lennart Flemming Meineche
Chairman of the General Meeting

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Entity details

Entity

COP Holdco ApS
Amerika Plads 29, 2.
2100 København Ø

Business Registration No.: 38982338
Registered office: København
Financial year: 01.01.2021 - 31.12.2021

Executive Board

Lennart Flemming Meineche

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management on the annual report

The Executive Board has today considered and approved the annual report of COP Holdco ApS for the financial year 01.01.2021 - 31.12.2021.

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

In my opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021.

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

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

Copenhagen, 30.06.2022

Executive Board

Lennart Flemming Meineche

Independent auditor's report

To the shareholders of COP Holdco ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of COP Holdco ApS for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations and the consolidated 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 consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group 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 consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and 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 consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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 consolidated financial statements and the parent 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, 30.06.2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Michael Thorø Larsen

State Authorised Public Accountant
Identification No (MNE) mne35823

Anders Houmann

State Authorised Public Accountant
Identification No (MNE) mne46265

Management commentary

Financial highlights

	2021 DKK'000	2020 DKK'000	2019 DKK'000
Key figures			
Gross profit/loss	123,238	102,509	86,555
Operating profit/loss	92,263	70,218	49,479
Net financials	(1,646)	(5,397)	(431)
Profit/loss for the year	66,734	52,460	35,103
Balance sheet total	247,186	187,821	130,153
Equity	165,494	98,635	47,432
Equity excl. minority interests	164,270	97,446	46,261
Ratios			
Equity ratio (%)	66.46	51.88	35.54

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

Equity ratio (%):

$\frac{\text{Equity excl. minority interests} * 100}{\text{Balance sheet total}}$

Primary activities

Copenhagen Offshore Partners A/S (COP A/S) provides consultancy services for the development and construction of offshore wind farms and energy islands. Services are mainly within project management, procurement, permitting, business case evaluation and technical advisory.

Development in activities and finances

Despite COVID-19 all projects have been progressing as planned. Profit for the year is DKK 67 million compared to DKK 52 million in 2020, and is considered satisfactory. Financial performance has been in accordance with the forecast for the period and is not impacted by value adjustments of assets or special items not relating to COP's primary activity.

Profit/loss for the year in relation to expected developments

The growth in 2021 has, as per our expectations, been in line with growth in 2020.

Outlook

The investment outlook in the offshore wind industry is good, however competition is picking up as other players are entering this attractive market. Growth outlook for 2022 is unchanged and expected to be at same level as growth in 2021.

The impact of the war in Ukraine will not have a predictable impact on the forecast for 2022 as we have no business in the region directly impacted or plans to develop projects in the region.

Foreign branches

Activity has increased significantly across all regions. Besides the well-established activities in Northern Europe, AsiaPacific and North America; new branches are also being established in Southern Europe (Italy, France and Greece) as well as in South America (Brazil), due to increased market activity in these regions.

Events after the balance sheet date

Russia's invasion of Ukraine has taken place after the end of the reporting period. This war is not expected to have a direct negative impact on the financial performance of COP A/S, however investment level and supply chains for offshore wind can be negatively impacted, which could result in reduced or delayed revenue for COP A/S.

No events materially affecting the Group's financial position on December 31, 2021 have occurred after the balance sheet date.

Consolidated income statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Gross profit/loss		123,238	102,509
Administrative expenses		(30,975)	(32,291)
Operating profit/loss		92,263	70,218
Other financial income		2,522	472
Other financial expenses		(4,168)	(5,869)
Profit/loss before tax		90,617	64,821
Tax on profit/loss for the year	3	(23,883)	(12,361)
Profit/loss for the year	4	66,734	52,460

Consolidated balance sheet at 31.12.2021

Assets

	Notes	2021 DKK'000	2020 DKK'000
Acquired intangible assets		100	199
Intangible assets		100	199
Other fixtures and fittings, tools and equipment		0	176
Property, plant and equipment		0	176
Other investments		40,722	6,801
Financial assets	5	40,722	6,801
Fixed assets		40,822	7,176
Trade receivables		76,595	41,129
Contract work in progress	6	34,961	16,350
Receivables from participating interests		8	8
Deferred tax	7	2,246	1,427
Other receivables		26,781	34,953
Prepayments	8	2,516	2,203
Receivables		143,107	96,070
Cash		63,257	84,575
Current assets		206,364	180,645
Assets		247,186	187,821

Equity and liabilities

	Notes	2021 DKK'000	2020 DKK'000
Contributed capital		50	50
Share premium		350	350
Translation reserve		9,643	(5,220)
Retained earnings		154,227	102,266
Equity belonging to Parent's shareholders		164,270	97,446
Equity belonging to minority interests		1,224	1,189
Equity		165,494	98,635
Prepayments received from customers		10,456	7,442
Trade payables		6,682	7,801
Payables to associates		82	474
Payables to participating interests		7,083	0
Payables to owners and management		5,788	9,552
Tax payable		5,028	12,632
Other payables		46,573	51,285
Current liabilities other than provisions		81,692	89,186
Liabilities other than provisions		81,692	89,186
Equity and liabilities		247,186	187,821
Events after the balance sheet date	1		
Staff costs	2		
Contingent liabilities	10		
Transactions with related parties	11		
Subsidiaries	12		

Consolidated statement of changes in equity for 2021

	Contributed capital DKK'000	Share premium DKK'000	Translation reserve DKK'000	Retained earnings DKK'000	Equity belonging to Parent's shareholders DKK'000
Equity beginning of year	50	350	(5,220)	102,266	97,446
Extraordinary dividend paid	0	0	0	0	0
Exchange rate adjustments	0	0	14,863	(1,686)	13,177
Profit/loss for the year	0	0	0	53,647	53,647
Equity end of year	50	350	9,643	154,227	164,270

	Equity belonging to minority interests DKK'000	Total DKK'000
Equity beginning of year	1,189	98,635
Extraordinary dividend paid	(13,052)	(13,052)
Exchange rate adjustments	0	13,177
Profit/loss for the year	13,087	66,734
Equity end of year	1,224	165,494

Consolidated cash flow statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Operating profit/loss		92,263	70,218
Working capital changes	9	(54,406)	(12,253)
Other adjustments		3,872	(6,392)
Cash flow from ordinary operating activities		41,729	51,573
Financial income received		2,522	473
Financial expenses paid		(4,153)	(5,869)
Taxes refunded/(paid)		(18,116)	0
Other cash flows from operating activities		2,320	(4,868)
Cash flows from operating activities		24,302	41,309
Acquisition etc. of intangible assets		0	(299)
Sale of property, plant and equipment		151	0
Investment in unlisted companies		(33,921)	0
Cash flows from investing activities		(33,770)	(299)
Free cash flows generated from operations and investments before financing		(9,468)	41,010
Dividend paid		(13,052)	0
Other cash flows from financing activities		1,202	(4,113)
Cash flows from financing activities		(11,850)	(4,113)
Increase/decrease in cash and cash equivalents		(21,318)	36,897
Cash and cash equivalents beginning of year		84,575	47,678
Cash and cash equivalents end of year		63,257	84,575
Cash and cash equivalents at year-end are composed of:			
Cash		63,257	84,575
Cash and cash equivalents end of year		63,257	84,575

Notes to consolidated financial statements

1 Events after the balance sheet date

No events with significant impact on the financial statements have occurred subsequent to 31 December 2021.

2 Staff costs

	2021	2020
	DKK'000	DKK'000
Wages and salaries	162,187	111,003
Pension costs	12,148	5,628
Other social security costs	4,128	1,314
	178,463	117,945
Average number of full-time employees	130	92

	Remuneration of Manage- ment 2021	Remuneration of Manage- ment 2020
	DKK'000	DKK'000
Executive Board	7,297	6,918
Board of Directors	60	38
	7,357	6,956

3 Tax on profit/loss for the year

	2021	2020
	DKK'000	DKK'000
Current tax	25,700	15,773
Change in deferred tax	(639)	(256)
Adjustment concerning previous years	(1,178)	(3,156)
	23,883	12,361

4 Proposed distribution of profit/loss

	2021	2020
	DKK'000	DKK'000
Retained earnings	66,734	52,460
	66,734	52,460

5 Financial assets

	Other investments DKK'000
Cost beginning of year	6,801
Additions	33,921
Cost end of year	40,722
Carrying amount end of year	40,722

Investments in limited partnerships	Registered in
CI IV Sponsor Investor F&F K/S	Denmark
Nordic Investment Opportunities CIV I K/S	Denmark

6 Contract work in progress

	2021 DKK'000	2020 DKK'000
Contract work in progress	44,958	16,350
Progress billings	(9,997)	0
	34,961	16,350

7 Deferred tax

	2021 DKK'000	2020 DKK'000
Changes during the year		
Beginning of year	1,427	1,171
Recognised in the income statement	819	256
End of year	2,246	1,427

Deferred tax assets

Deferred tax is temporary differences on bonus provision, intangible assets, property, plant and equipment.

8 Prepayments

For certain projects we receive prepayments for work not yet performed.

9 Changes in working capital

	2021 DKK'000	2020 DKK'000
Increase/decrease in receivables	(47,045)	6,463
Increase/decrease in trade payables etc.	(7,361)	(18,716)
	(54,406)	(12,253)

10 Contingent liabilities

The company has outstanding investment commitments to private equity funds of EUR 5.643 thousand

11 Transactions with related parties

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

12 Subsidiaries

	Registered in	Ownership %	Equity DKK'000	Profit/loss DKK'000
Copenhagen Offshore Partners A/S	Denmark	78.50	89,021	52,204
Investeringsselskabet af 6. juni 2019 ApS	Denmark	76.92	4,793	(82)
COP Employee Co ApS	Denmark	52.23	261	27,454
COP Invest Co ApS	Denmark	78.50	(14)	(18)
USPS Inc.*	USA	78.50	2,928	(1,614)
Copenhagen Offshore Partners Australia PTY LTD*	Australia	78.50	973	(564)
Copenhagen Offshore Partners Japan LLC*	Japan	78.50	1,303	66
Copenhagen Offshore Partners Inc.*	USA	78.50	5,070	2,594
Copenhagen Offshore Partners Vietnam Company Limited*	Vietnam	78.50	1,031	315
Copenhagen Offshore Partners Korea CO.,LTD*	Korea	78.50	5,079	635
COP Invest Co 2021 ApS*	Denmark	78.50	25	(15)
CF 01 ApS	Denmark	80.00	119	(381)
COP Frontier A/S	Denmark	100.00	(325)	(725)
COP EmpCo 2021 ApS	Denmark	78.50	(16)	(56)

* Not subject to statutory audit

Parent income statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Administrative expenses	1	(50)	(68)
Operating profit/loss		(50)	(68)
Income from investments in group enterprises		47,915	0
Other financial income		0	1,753
Financial expenses from group enterprises		0	(21)
Other financial expenses		(309)	(884)
Profit/loss before tax		47,556	780
Tax on profit/loss for the year		37	(12)
Profit/loss for the year	2	47,593	768

Parent balance sheet at 31.12.2021

Assets

	Notes	2021 DKK'000	2020 DKK'000
Investments in group enterprises		4,494	4,072
Other investments		3,661	0
Financial assets	3	8,155	4,072
Fixed assets		8,155	4,072
Receivables from group enterprises		26,613	1,707
Joint taxation contribution receivable		7,133	13,996
Receivables		33,746	15,703
Cash		14,932	2,144
Current assets		48,678	17,847
Assets		56,833	21,919

Equity and liabilities

	Notes	2021 DKK'000	2020 DKK'000
Contributed capital		50	50
Share premium		350	350
Retained earnings		50,943	3,350
Equity		51,343	3,750
Payables to group enterprises		0	101
Payables to associates		82	0
Payables to owners and management		0	4,040
Tax payable		5,178	13,822
Joint taxation contribution payable		205	181
Other payables		25	25
Current liabilities other than provisions		5,490	18,169
Liabilities other than provisions		5,490	18,169
Equity and liabilities		56,833	21,919
Contingent liabilities	4		
Assets charged and collateral	5		

Parent statement of changes in equity for 2021

	Contributed capital DKK'000	Share premium DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	50	350	3,350	3,750
Profit/loss for the year	0	0	47,593	47,593
Equity end of year	50	350	50,943	51,343

Notes to parent financial statements

1 Administrative expenses

The management of the company has not received remuneration.

2 Proposed distribution of profit and loss

	2021 DKK'000	2020 DKK'000
Retained earnings	47,593	768
	47,593	768

3 Financial assets

	Investments in group enterprises DKK'000	Other investments DKK'000
Cost beginning of year	4,072	0
Additions	422	3,661
Cost end of year	4,494	3,661
Carrying amount end of year	4,494	3,661

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

Investments in limited partnerships

Registered in

CI IV Sponsor Investor F&F K/S

Denmark

4 Contingent liabilities

The company has outstanding investment commitments to private equity funds of EUR 2.508 thousand

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 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

5 Assets charged and collateral

COP Holdco ApS is not liable for any mortgages or collateral.

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).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Reporting currency is Danish Kroner (DKK)

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.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, production costs and other operating income.

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, rent and lease, and 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 administrative functions, including wages and salaries for administrative staff and Management, 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 operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Income from investments in group enterprises

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

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.

Financial expenses from group enterprises

Financial expenses from group enterprises comprise interest expenses etc. from payables to group enterprises.

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.

Balance sheet**Intellectual property rights etc.**

Intellectual property rights etc comprise acquired intellectual property rights for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

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:

Other fixtures and fittings, tools and equipment	3-5 years
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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.

Other investments

Other investments comprise unlisted equity investments measured at the lower of cost and net realisable value.

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.

Joint taxation contributions payable or receivable

Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, 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.

Prepayments

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

Cash

Cash comprises bank deposits.

Minority interests

On initial recognition, minority interests are measured at the minority interests' share of the acquiree's net assets measured at fair value. No goodwill related to the minority interests' equity interests in the acquiree is recognised.

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 payable or receivable

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

Joint taxation contributions payable or receivable

Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, 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 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.