



COP Holdco ApS

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

Annual report 2022

The Annual General Meeting adopted the
annual report on 30.06.2023

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: 01.01.2022 - 31.12.2022

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 01.01.2022 - 31.12.2022.

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 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022.

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, 30.06.2023

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 01.01.2022 - 31.12.2022, 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 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022 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, 30.06.2023

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Anders Houmann

State Authorised Public Accountant
Identification No (MNE) mne46265

Management commentary

Financial highlights

	2022	2021	2020	2019
	DKK'000	DKK'000	DKK'000	DKK'000
Key figures				
Gross profit/loss	322,047	123,238	102,509	180,281
Operating profit/loss	271,079	92,263	70,218	49,479
Net financials	2,749	(1,646)	(5,397)	431
Profit/loss for the year	219,242	66,734	52,460	35,103
Balance sheet total	354,676	247,186	187,821	130,153
Equity	254,374	165,494	98,635	47,432
Equity excl. minority interests	253,231	164,270	97,446	46,261

Ratios

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

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

2022 has progressed as planned with high growth in revenue and profit. Profit for the year is DKK 210 million compared to DKK 67 million in 2021 and is considered satisfactory. The result in 2022 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 2022 has, as per our expectations, been in line with growth in 2021.

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 2023 is unchanged and expected to be at same level as growth in 2022.

Foreign branches

Activity has increased significantly across all regions. Besides the well-established activities in Europe, AsiaPacific and North America; new branches have also been established in Southern Europe (France and Greece) as well as in South America (Brazil), due to increased market activity in these regions. COP's footprint now covers 18 countries, covering all main markets with a growth potential for offshore wind, and it is the intention to continue to expand.

Events after the balance sheet date

No events materially affecting the Group's financial position on December 31, 2022 have occurred after the balance sheet date.

Consolidated income statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Gross profit/loss		322,047	123,238
Administrative expenses		(50,968)	(30,975)
Operating profit/loss		271,079	92,263
Other financial income		3,870	2,522
Other financial expenses		(1,121)	(4,168)
Profit/loss before tax		273,828	90,617
Tax on profit/loss for the year	3	(54,586)	(23,883)
Profit/loss for the year	4	219,242	66,734

Consolidated balance sheet at 31.12.2022

Assets

	Notes	2022 DKK'000	2021 DKK'000
Acquired intangible assets		0	100
Intangible assets		0	100
Other fixtures and fittings, tools and equipment		76	0
Property, plant and equipment	5	76	0
Other investments		47,532	40,722
Financial assets	6	47,532	40,722
Fixed assets		47,608	40,822
Trade receivables		107,194	76,595
Contract work in progress	7	61,465	34,961
Receivables from participating interests		0	8
Deferred tax	8	3,540	2,246
Other receivables		73,415	26,781
Prepayments	9	4,897	2,516
Receivables		250,511	143,107
Cash		56,557	63,257
Current assets		307,068	206,364
Assets		354,676	247,186

Equity and liabilities

	Notes	2022 DKK'000	2021 DKK'000
Contributed capital		50	50
Share premium		350	350
Translation reserve		(1,422)	9,643
Retained earnings		254,253	154,227
Equity belonging to Parent's shareholders		253,231	164,270
Equity belonging to minority interests		1,143	1,224
Equity		254,374	165,494
Prepayments received from customers		12,354	10,456
Trade payables		7,322	6,682
Payables to group enterprises		0	7,083
Payables to associates		6,715	82
Payables to participating interests		1,554	0
Payables to owners and management		0	5,788
Tax payable		7,780	5,028
Other payables		64,577	46,573
Current liabilities other than provisions		100,302	81,692
Liabilities other than provisions		100,302	81,692
Equity and liabilities		354,676	247,186
Events after the balance sheet date	1		
Staff costs	2		
Contingent liabilities	11		
Transactions with related parties	12		
Subsidiaries	13		

Consolidated statement of changes in equity for 2022

	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	9,643	154,227	164,270
Extraordinary dividend paid	0	0	0	(90,000)	(90,000)
Exchange rate adjustments	0	0	(11,065)	0	(11,065)
Profit/loss for the year	0	0	0	190,026	190,026
Equity end of year	50	350	(1,422)	254,253	253,231

	Equity belonging to minority interests DKK'000	Total DKK'000
Equity beginning of year	1,224	165,494
Extraordinary dividend paid	(29,297)	(119,297)
Exchange rate adjustments	0	(11,065)
Profit/loss for the year	29,216	219,242
Equity end of year	1,143	254,374

Consolidated cash flow statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Operating profit/loss		271,079	92,263
Working capital changes	10	(97,626)	(54,406)
Other adjustments		(11,065)	3,872
Cash flow from ordinary operating activities		162,388	41,729
Financial income received		3,870	2,522
Financial expenses paid		(1,121)	(4,153)
Taxes refunded/(paid)		(45,730)	(18,116)
Other cash flows from operating activities		0	2,320
Cash flows from operating activities		119,407	24,302
Sale of property, plant and equipment		0	151
Investment in unlisted companies		(6,810)	(33,921)
Cash flows from investing activities		(6,810)	(33,770)
Free cash flows generated from operations and investments before financing		112,597	(9,468)
Dividend paid		(119,297)	(13,052)
Other cash flows from financing activities		0	1,202
Cash flows from financing activities		(119,297)	(11,850)
Increase/decrease in cash and cash equivalents		(6,700)	(21,318)
Cash and cash equivalents beginning of year		63,257	84,575
Cash and cash equivalents end of year		56,557	63,257
Cash and cash equivalents at year-end are composed of:			
Cash		56,557	63,257
Cash and cash equivalents end of year		56,557	63,257

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

	2022 DKK'000	2021 DKK'000
Wages and salaries	241,559	111,003
Pension costs	16,019	5,628
Other social security costs	23,378	1,314
	280,956	117,945
Average number of full-time employees	147	92

	Remuneration of Manage- ment 2022 DKK'000	Remuneration of Manage- ment 2021 DKK'000
Executive Board	7,297	6,918
Board of Directors	70	38
	7,367	6,956

3 Tax on profit/loss for the year

	2022 DKK'000	2021 DKK'000
Current tax	55,545	27,295
Change in deferred tax	(1,294)	(256)
Adjustment concerning previous years	335	(3,156)
	54,586	23,883

4 Proposed distribution of profit/loss

	2022 DKK'000	2021 DKK'000
Retained earnings	219,242	66,734
	219,242	66,734

5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000
Additions	76
Cost end of year	76
Carrying amount end of year	76

6 Financial assets

	Other investments DKK'000
Cost beginning of year	40,722
Additions	6,810
Cost end of year	47,532
Carrying amount end of year	47,532

Investments in limited partnerships

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

7 Contract work in progress

	2022 DKK'000	2021 DKK'000
Contract work in progress	61,465	34,961
	61,465	34,961

8 Deferred tax

	2022 DKK'000	2021 DKK'000
Changes during the year		
Beginning of year	2,246	1,427
Recognised in the income statement	1,294	819
End of year	3,540	2,246

Deferred tax assets

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

9 Prepayments

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

10 Changes in working capital

	2022 DKK'000	2021 DKK'000
Increase/decrease in receivables	(125,306)	(47,045)
Increase/decrease in trade payables etc.	27,680	(7,361)
	(97,626)	(54,406)

11 Contingent liabilities

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

12 Transactions with related parties

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

13 Subsidiaries

	Registered in	Ownership %	Equity DKK'000	Profit/loss DKK'000
Copenhagen Offshore Partners A/S	Denmark	78.50	123,825	160
Investeringselskabet af 6. juni 2019 ApS	Denmark	76.92	4,313	(303)
COP Employee Co ApS	Denmark	52.23	256	61
COP Invest Co ApS	Denmark	78.50	(20)	(34)
USPS Inc.*	USA	78.50	2,928	(1,614)
Copenhagen Offshore Partners Australia PTY LTD*	Australia	78.50	946	2,599
Copenhagen Offshore Partners Japan LLC*	Japan	78.50	1,308	505
Copenhagen Offshore Partners Inc.*	USA	78.50	4,213	2,529
Copenhagen Offshore Partners Vietnam Company Limited*	Vietnam	78.50	1,440	(467)
Copenhagen Offshore Partners Korea CO.,LTD*	Korea	78.50	4,896	1,154
COP Invest Co 2021 ApS*	Denmark	78.50	44,956	44,916
CF 01 ApS	Denmark	80.00	95	(24)
COP Frontier A/S	Denmark	100.00	(2,514)	(2,189)
COP EmpCo 2021 ApS	Denmark	78.50	(17)	(27)
Copenhagen Offshore Partners Brazill Ltda	Brazil	78.50	136	(3)
COP Renewables India Private Limited	India	78.50	38	0

* Not subject to statutory audit

Parent income statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Administrative expenses	1	(135)	(50)
Operating profit/loss		(135)	(50)
Income from investments in group enterprises		107,057	47,915
Other financial income		815	0
Other financial expenses		(79)	(309)
Profit/loss before tax		107,658	47,556
Tax on profit/loss for the year		(227)	37
Profit/loss for the year	2	107,431	47,593

Parent balance sheet at 31.12.2022

Assets

	Notes	2022 DKK'000	2021 DKK'000
Investments in group enterprises		4,495	4,495
Other investments		6,743	3,661
Financial assets	3	11,238	8,156
Fixed assets		11,238	8,156
Receivables from group enterprises		32,547	26,613
Joint taxation contribution receivable		10,076	7,133
Receivables		42,623	33,746
Cash		23,518	14,932
Current assets		66,141	48,678
Assets		77,379	56,834

Equity and liabilities

	Notes	2022 DKK'000	2021 DKK'000
Contributed capital		50	50
Share premium		350	350
Retained earnings		68,374	50,943
Equity		68,774	51,343
Payables to associates		29	82
Tax payable		7,965	5,178
Joint taxation contribution payable		588	205
Other payables		23	26
Current liabilities other than provisions		8,605	5,491
Liabilities other than provisions		8,605	5,491
Equity and liabilities		77,379	56,834
Contingent liabilities	4		
Assets charged and collateral	5		

Parent statement of changes in equity for 2022

	Contributed capital DKK'000	Share premium DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	50	350	50,943	51,343
Extraordinary distributions	0	0	(90,000)	(90,000)
Profit/loss for the year	0	0	107,431	107,431
Equity end of year	50	350	68,374	68,774

Notes to parent financial statements

1 Administrative expenses

The management of the company has not received remuneration.

2 Proposed distribution of profit and loss

	2022 DKK'000	2021 DKK'000
Retained earnings	107,431	47,593
	107,431	47,593

3 Financial assets

	Investments in group enterprises DKK'000	Other investments DKK'000
Cost beginning of year	4,495	3,661
Additions	0	3,082
Cost end of year	4,495	6,743
Carrying amount end of year	4,495	6,743

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.

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.