

Baker Hughes Denmark ApS
Central Business Registration No 18064898

ANNUAL REPORT

December 31, 2024

The Annual General Meeting adopted the annual report on 01 July 2025

Chairman of the General Meeting

Name:

Jeroen Lakerveld

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Entity details

Entity

Baker Hughes Denmark ApS
c/o TMF Denmark A/S
H.C. Andersens Boulevard 38, 3. th
DK-1553 København V

Central Business Registration No: 18064898
Registered in: København
Financial year: 01.01.2024 - 31.12.2024

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[Internet: www.bakerhughes.com](http://www.bakerhughes.com)

Board of Directors

Jeroen Lakerveld (Chairman)

Valentina Baldini

Ole Juul Nielsen

Executive Board

Valentina Baldini

Auditors

KPMG

Statsautoriseret Revisionspartnerselskab

Frederiks Plads 42

DK-8000 Aarhus C

CVR no 25 57 81 98

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today considered and approved the annual report of Baker Hughes Denmark ApS for the financial year 01.01.2024 – 31.12.2024.

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 as of 31.12.2024 and of the results of its operations and cash flows for the financial year 01.01.2024 -31.12.2024.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

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

Copenhagen, 01 July 2025

Executive Board

Valentina Baldini
CEO

Board of Directors

Jeroen Lakerveld
Chairman

Valentina Baldini

Ole Juul Nielsen

Independent auditor's report

To the shareholders of Baker Hughes Denmark ApS

Opinion

We have audited the financial statements of Baker Hughes Denmark ApS for the financial year 1 January – 31 December 2024 comprising income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including 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 Company's assets, liabilities and financial position at 31 December 2024 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2024 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 our report.

We are independent of the Company 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 responsibility 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 that 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made 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 company 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 Company'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 Company'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 Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, 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.

Independent auditor's report

Statement on the Management's review

Management is responsible for the Management's review.

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

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

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

Aarhus, 01 July 2025

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Michael Lund Siegumfeldt

MNE28662

State Authorised

Public Accountant

Management's review

Financial highlights	2024	2023	2022	2021	2020
Key figures	DKK`000	DKK`000	DKK`000	DKK`000	DKK`000
Revenue	128,216	129,114	52,649	73,772	75,275
Gross profit/(loss)	37,339	56,994	26,018	(85,008)	(90,793)
Operating profit/ (loss)	26,894	50,528	16,578	(94,719)	(110,416)
Net financial results	(3,391)	115	(13,965)	(9,914)	10,296
Profit/ (loss) for the year	22,239	44,833	(3,660)	(105,698)	(147,354)
Total assets	186,585	154,020	54,330	178,644	101,660
Investments in property, plant and equipment	4,686	3,921	1,085	1,369	4,797
Equity	67,747	10,508	(34,325)	(30,665)	(324,966)

Ratios

Gross margin (%)	29.1	44.1	49.4	(115.2)	(120.6)
Net margin (%)	17.3	34.7	(7.0)	(143.3)	(195.8)
Return of equity (%)	56.8	(376.5)	11.3	59.4	58.6
Equity ratio (%)	36.3	6.8	(63.2)	(17.2)	(319.7)

Financial highlights

The financial ratios have been calculated as follows:

Ratios	Calculation formula	Ratios reflect
Gross margin (%)	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the Entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

The Company's activity comprises sales, rental of drilling equipment and services to the offshore industry.

Development in activities and finances

Profit for the year amounts to DKK 22.239 thousand compared to profit in 2023 of DKK 44.833 thousand, which reflects the challenging and competitive market conditions experienced during the year. Equity 31.12.2024 amounts to plus DKK 67.75 thousand compared to 2023 with plus DKK 10.508 thousand.

At 24 June 2024, the Company's owners contributed new capital to Baker Hughes Denmark ApS for an amount of DKK 35 million by debt conversion.

We are also referring to the section "The past year and follow-up on development expectations from last year" in regards to the explanation of the development of the activities in 2024.

Baker Hughes Denmark ApS has got access to the cash pool mechanism so in terms of liquidity the funds are available to the Company when required.

Description of material changes in activities and finances

The primary business of the Company comprise sales, rental of drilling equipment and primary services to the offshore industry. In 2024, the business segments of Baker Hughes Denmark ApS comprised the product lines Completion systems, Digital services & Wireline services. The primary business segments carried more than 20% of the Company's revenue for the current year.

The past year and follow-up on development expectations from last year

In 2024, the overall revenue in Denmark relating to the primary activities were lower compared to previous years as a result of lesser activities during the year. Our primary contract with Total Energies is expiring in 2024, hence lower revenue.

Development in activities and finances

The result of the year has been impacted by 5.8 M DKK caused by the final settlement of Covid compensation from 2021 received from Danish authorities. We refer to Note 1.

Outlook

In 2025, activity is expected to reduce in excess of 50%, with associated decrease in profitability, due to delays in major operations and installations, now planned to commence during 2026. 2025 activity, will therefore, be limited to more routine services.

Capital resources

Baker Hughes Denmark ApS has got access to the cash pool mechanism so in terms of liquidity the funds are available to the Company when required. of the financial statements, so as to allow the Company to meet its obligations as they fall due.

In June 2024, the Company's owners contributed to new capital of DKK 35.000.000 to restore the contributed capital

Subsequent events

No events have occurred after the balance sheet date of material importance to the annual report for 2024.

Income Statement 31.12.2024

	Notes	2024 DKK	2023 DKK
Revenue		128,215,533	129,113,593
Cost of sales		(88,447,482)	(65,232,474)
Other operating income	1	6,292,936	0
Other external expenses		(8,721,494)	(6,887,546)
Gross loss		37,339,493	56,993,573
Staff costs	2	(9,842,321)	(6,324,808)
Depreciation, amortisation and impairment losses		(603,441)	(141,064)
Operating loss		26,893,731	50,527,701
Other financial income	3	5,508,442	2,360,234
Other financial expenses	4	(8,899,732)	(2,245,657)
Loss before tax		23,502,441	50,642,278
Tax on profit	5	(1,263,104)	(5,809,390)
Profit for the year	6	22,239,337	44,832,888

Balance sheet at 31.12.2024

	Notes	2024 DKK	2023 DKK
Plant and machinery		398,369	1,464,269
Property, plant and equipment	7	398,369	1,464,269
Other investments	8	0	0
Fixed assets investments		0	0
Fixed assets		398,369	1,464,269
Raw materials and consumables		570,947	839,083
Manufactured goods and goods for resale		737,558	1,789,763
Inventories		1,308,505	2,628,846
Trade receivables		26,474,906	43,467,842
Contract work in progress	9	11,121,953	13,733,630
Receivables from group enterprises		141,398,473	92,701,775
Other short-term receivables		5,882,777	23,550
Income tax receivables		0	0
Receivables		184,878,109	149,926,797
Cash at bank		0	0
Current assets		186,186,614	152,555,643
Assets		186,584,983	154,019,912

Balance sheet at 31.12.2024

	Notes	2024 DKK	2023 DKK
Contributed capital	10	622,540	588,540
Retained earnings		67,124,933	9,919,596
Equity		67,747,473	10,508,136
Trade payables		2,657,562	1,763,052
Debt to group enterprises		105,865,601	119,206,522
Income tax payables		439,875	3,127,789
Other payables		9,874,472	19,414,413
Current liabilities other than provisions		118,837,510	143,511,776
Liabilities other than provisions		118,837,510	143,511,776
Equity and liabilities		186,584,983	154,019,912

Statement of changes in equity for 2024

	<u>Contributed capital DKK</u>	<u>Retained earnings DKK</u>	<u>Total DKK</u>
Equity beginning of year	588,540	9,919,596	10,508,136
Capital increase	34,000	34,966,000	35,000,000
Profit for the year	0	22,239,337	22,239,337
Equity end of year	<u>622,540</u>	<u>67,124,933</u>	<u>67,747,473</u>

Cash flow statement for 2024

	Notes	2024 DKK	2023 DKK
Operating loss		26,893,731	50,527,701
Amortisation and depreciation non-cash operating items		603,441	183,827
Working capital changes	11	(55,617,323)	(47,998,063)
Cash flow from ordinary primary activities		(28,120,151)	2,713,465
Financial income received	3	5,508,442	2,360,234
Financial income paid	4	(8,899,732)	(2,245,657)
Income tax refunded /(paid)		(3,951,019)	(2,156,750)
Cash flow from operating activities		(35,462,460)	671,292
Acquisition of property, plant and equipment		(4,686,052)	(3,921,350)
Sale of property, plant and equipment		5,148,512	2,835,547
Capital increase of fixed asset investments		0	0
Cash flows from investing activities		462,460	(1,085,803)
Financing raised from group enterprises		0	0
Capital increase	10	35,000,000	0
Loans raised		0	0
Cash flows from financing activities		35,000,000	0
Increase/decrease in cash and cash equivalents		0	(414,511)
Cash and cash equivalent beginning of year		0	414,511
Cash and cash equivalent end of year		0	(0)

Notes

	2024 DKK	2023 DKK
1. Other operating income		
Covid compensation	5,788,732	0
Gain from sale of assets	504,204	0
	6,292,936	0

Other operating income consist of final settlement of Covid compensation from 2021 received from Danish authorities. The final settlement is the last part of a total compensation which was partly recognized in 2021

	2024 DKK	2023 DKK
2. Staff costs		
Wages and salaries	8,655,937	5,639,375
Pension costs	385,685	204,537
Other social security costs	800,699	480,896
	9,842,321	6,324,808

Average number of employees	7	5
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Pursuant to section 98b(3) of the Danish Financial Statements Act, the Company has not disclosed executive remuneration.

	2024 DKK	2023 DKK
3. Other financial income		
Exchange rate adjustments	550,173	1,006,141
Interest received from group enterprises	4,958,269	1,354,093
	5,508,442	2,360,234

	2024 DKK	2023 DKK
4. Other financial expenses		
Interest paid to group enterprises	2,657,020	2,143,482
Exchange rate adjustments	4,395,093	0
Other financial expenses	1,847,619	102,175
	8,899,732	2,245,657

	2024 DKK	2023 DKK
5. Tax on profit for the year		
Current income tax	1,236,065	3,652,640
Current other indirect tax	27,039	178,162
Current tax adjustment related to prior years	0	1,978,588
	1,263,104	5,809,390

Notes

	2024 DKK	2023 DKK
6. Proposed distribution of loss		
Retained earnings	22,239,337	44,832,888
	22,239,337	44,832,888

	Plant and machinery	Ships	Other fixtures and fittings, tools and equipment
	DKK	DKK	DKK
7. Property, plant and equipment			
Cost beginning of year	1,584,610	320,284,706	1,325,154
Additions	4,686,052	0	0
Disposals	(5,800,359)	(303,014,833)	0
Costs end of year	470,303	17,269,873	1,325,154
Depreciation and impairment losses beginning of year	(120,341)	(320,284,706)	(1,325,154)
Depreciation for the year	(603,441)	0	0
Reversal regarding disposals	651,849	303,014,833	0
Depreciation and impairment losses end of year	(71,934)	(17,269,873)	(1,325,154)
Carrying amount end of year	398,369	0	0

Notes

Other investments

8. Fixed assets investments

	DKK
Cost at 1 January 2024	79,133,838
Cost at 31 December 2024	<u>79,133,838</u>
Impairment losses at 1 January 2024	(79,133,838)
Impairment losses at 31 December 2024	<u>(79,133,838)</u>
Carrying amount at 31 December 2024	<u>0</u>

Investments in associates comprise:	Registered in	Corporate form	Equity interest (%)	2024 Equity DKK	2024 Profit/(loss) DKK
Baker Hughes Argentina SRL	Argentina	SRL	2.5	1,288,167,501	418,007,798

9. Contract work in progress

	2024 DKK	2023 DKK
Accrued receivables from customers	<u>11,121,953</u>	<u>13,733,630</u>
	<u>11,121,953</u>	<u>13,733,630</u>

10. Contributed capital

	Number	Par value DKK	Nominal value Equity interest (%)
Ordinary shares	<u>610.33</u>	1,020.00	<u>622,540</u>
	<u>610.33</u>		<u>622,540</u>

Changes in contributed capital

	2024 DKK	2023 DKK	2022 DKK	2021 DKK	2020 DKK
Contributed capital beginning of year	588,540	588,540	588,540	510,000	510,000
Increase of capital	34,000	0	0	78,540	0
Contributed capital end of year	<u>622,540</u>	<u>588,540</u>	<u>588,540</u>	<u>588,540</u>	<u>510,000</u>

During the year, the Company increased its share capital from DKK 588,540 by DKK 34,000 to DKK 622,540 in return by debt conversion of the amount of DKK 35,000,000.

11. Change in working capital

	2024 DKK	2023 DKK
Increase/decrease in inventories	(1,320,341)	1,872,533
Increase/decrease in receivable	34,951,312	97,854,667
Increase/decrease in trade payable etc.	<u>21,986,352</u>	<u>(51,729,137)</u>
	<u>55,617,323</u>	<u>47,998,063</u>

Notes

12. Contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Between July 2017 and September 2019 the Management Company of the Danish joint taxation group was AcceptFinans ApS/GE Global Holding Denmark ApS.

From September 2019, Baker Hughes Denmark ApS became the head of the joint taxation group.

At 31 December 2024, there were bank guarantees amounting to DKK 5,830,487 (2023: DKK 5,599,329) issued on behalf of the company.

13. Related parties with controlling interest

The following related parties have a controlling interest in Baker Hughes Denmark ApS:

<u>Name</u>	<u>Registered office</u>	<u>Basis of influence</u>
Baker Hughes Nederland Holdings B.V.	The Netherlands	Holds more than 50% of the voting share capital or of the nominal value of the share capital.

14. Related parties transactions

	<u>2024</u> <u>DKK</u>	<u>2023</u> <u>DKK</u>
Revenue with other related parties	8,298,173	3,039,309
Operating Costs other with related parties	<u>(36,697,774)</u>	<u>(21,138,568)</u>
	<u>(28,399,601)</u>	<u>(18,099,259)</u>

Payables and receivables to related are disclosed in the balance sheet, and interest income and expense is disclosed in notes 3 and 4.

15. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest and smallest group:

Baker Hughes Company, 1209 Orange Street, Wilmington, Delaware, United States of America.

The consolidated annual report on Form 10-K can be obtained at www.bakerhughes.com.

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 medium -sized enterprise with opt-in form higher reporting class.

Changes in accounting policies

The Company has changed its accounting policies regarding change of reporting class to C-medium sized instead of class B. The comparative figures have been updated. The change have no effect on the income statement or equity.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Revenue

Revenue is recognised as production takes place, and accordingly, revenue corresponds to the selling price of the work performed for the year (the percentage of completion method). When total income and costs attributable to the contract or the stage of completion at the balance sheet date cannot be estimated reliably, revenue is recognised only at costs incurred and only to the extent that the recovery thereof is likely.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are deducted from revenue.

Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

Other operating income

Other operating income comprises items secondary to the activities of the Company including compensation from Danish authorities due to the Covid situation.

Other external expenses

Other external expenses comprise expenses for distribution, sale, marketing, administration, premises, bad debts, etc.

Accounting policies (continued)

Staff costs

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

Depreciations

Depreciations relating to property, plant and equipment comprise depreciations for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment.

Other financial income

Other financial income comprise interest income, realised and unrealised capital gains on transactions in foreign currencies and forward contracts as well as tax surcharge and relief under the Danish Tax Prepayment Scheme.

Other financial expenses

Other financial expenses comprise interest expenses, realised and unrealised capital losses on transactions in foreign currencies and forward contracts as well as tax surcharge relief repayment under the Danish Tax Prepayment Scheme.

Income taxes

The company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation. On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Balance sheet

Property, plant and equipment

Plant and machinery are measured at cost less accumulated depreciation and impairment losses.

Fixed assets acquired from affiliated companies are accounted for at initial cost and depreciation for the year is based on historical cost. Fixed assets are, however, adjusted for depreciation at the beginning of the year. 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	3-4 years
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Property, plant and equipment are written down to the lower of recoverable amount and carrying amount. Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price minus selling costs and carrying amount at the time of sale.

Accounting policies (continued)

Other investments

Other investments are measured at cost. Where cost exceeds the net realisable value, the investments are impaired to this lower value.

Inventories

Inventories are measured at the lower of cost using the net realisable value. Cost of goods for resale, raw materials and consumables consists of purchase price plus delivery costs. Cost of manufactured goods consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equaling nominal value less write-downs for bad and doubtful debts.

Income tax receivable or payable

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

Cash

Cash comprises cash in hand and bank deposits.

Deferred tax

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

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

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

Accounting policies (continued)

Contract work in progress

Contract work in progress is measured at the selling price of the work performed less progress billings and expected losses. The selling price is measured on the basis of the stage of completion at the balance sheet date and the projected income from the individual contract work in progress. The stage of completion is stated as the share of costs incurred in proportion to estimated total costs relating to contract work in progress.

When the selling price of contract work in progress cannot be estimated reliably, the selling price is measured at the lower of costs incurred and net realisable value.

Contract work in progress is recognised in the balance sheet as receivables or payables, respectively.

Net assets comprise the total of contract work in progress where the selling price of the work performed exceeds progress billings. Net liabilities comprise the total of contract work in progress where progress billings exceed the selling price.

Financial liabilities

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at net realisable value.

Cash flow statement

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

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

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares, and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price