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# ***GEA PROCESS ENGINEERING A/S***

Gladsaxevej 305, DK-2860 Søborg

## **Annual Report for 1 January - 31 December 2018**

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CVR No 10 05 07 15

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
12/6 2019

Charlotte Thorsen  
Chairman of the General  
Meeting

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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of GEA PROCESS ENGINEERING A/S for the financial year 1 January - 31 December 2018.

The Annual Report is 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 2018 and of the results of the Company's operations for the financial year 1 January 31 December 2018.

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 that the Annual Report be adopted at the Annual General Meeting.

Søborg, 28 May 2019

## Executive Board

Ib René Vinther Elgaard  
CEO

Morten Unn Hansen

Ulla Michelsen

Florian Wolfgang Walter Rück

## Board of Directors

Steffen Bersch  
Chairman

Katrin Kerschbaumer

Torsten Henning Kunz-Aue

Jan Kjærsgaard Hansen  
Staff Representative

Jan Børge Friis  
Staff Representative

# **Independent Auditor's Report**

To the Shareholder of GEA PROCESS ENGINEERING A/S

We have audited the financial statements of GEA PROCESS ENGINEERING A/S for the financial year 1 January – 31 December 2018 comprising income statement, balance sheet, statement of changes in equity 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 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Management's responsibilities for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control 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.

## **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

## **Independent Auditor's Report**

- 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.

### **Statement on 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

## Independent Auditor's Report

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.

Copenhagen, 28 May 2019

**KPMG**

Statsautoriseret Revisionspartnerselskab

*CVR No 25 57 81 98*

David Olafsson  
State Authorized Public Accountant  
mne19737

Kenn W. Hansen  
State Authorized Public Accountant  
mne30154

## Company Information

### **The Company**

GEA PROCESS ENGINEERING A/S  
Gladsaxevej 305  
DK-2860 Søborg

Telephone: + 45 39545454

CVR No: 10 05 07 15

Financial period: 1 January - 31 December

Municipality of reg. office: Gladsaxe

### **Board of Directors**

Steffen Bersch, Chairman  
Katrin Kerschbaumer  
Torsten Henning Kunz-Aue  
Jan Kjærsgaard Hansen  
Jan Børge Friis

### **Executive Board**

Ib René Vinther Elgaard  
Morten Unn Hansen  
Ulla Michelsen  
Florian Wolfgang Walter Rück

### **Auditors**

KPMG  
Statsautoriseret Revisionspartnerselskab  
Dampfærgevej 28  
DK-2100 København Ø

### **Bankers**

Danske Bank  
Holmens Kanal 2  
1090 København K

# Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2018 Mio. DKK	2017 Mio. DKK	2016 Mio. DKK	2015 Mio. DKK	2014 Mio. DKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	2.281	2.105	1.709	1.666	2.101
Profit/loss before financial income and expenses	326	270	152	147	109
Net financials	-10	73	35	-28	51
Net profit/loss for the year	237	256	158	85	125
<b>Balance sheet</b>					
Balance sheet total	2.644	2.771	2.551	1.923	1.844
Equity	1.019	826	710	603	659
Investment in property, plant and equipment	13	25	6	7	13
Number of employees	717	686	645	671	702
<b>Ratios</b>					
Profit margin	14,3%	12,8%	8,9%	8,8%	5,2%
Return on assets	12,3%	9,7%	6,0%	7,6%	5,9%
Solvency ratio	38,5%	29,8%	27,8%	31,4%	35,7%
Return on equity	25,7%	33,3%	24,1%	13,5%	18,3%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.



# Management's Review

## **Key activities**

As in previous years the core activity of the company has been engineering and supply of industrial processing plants.

## **Development in the year**

The net result of the year is a profit of DKK 237 million compared to a profit of DKK 256 million in 2017.

Management considers the result of the year satisfactory and in accordance with expectations. During 2018 the company has succeeded in maintaining a strong market position.

## **Special risks - operating risks and financial risks**

### ***Operating risks***

The company's principal operational risk is related to the ability of being strongly positioned in the important markets. Furthermore it is important for the company to be at the cutting edge of the development within process engineering, including having the possibility to attract and keep employees with qualifications and experience facilitating this objective.

### ***Financial risks***

Because of the financial position of the company and its financial resources, the company is only exposed to changes in the interest level to a limited extent. The company is, however, exposed to currency risks related to the current operation. The company primarily covers its currency risks by forward contracts. The development in cash flow from operation activities has been positive in the financial period and the expectations for the cash flow from operating activities in the near future are also positive.

### ***Credit risks***

The credit risks of the company are primarily related to accounts receivable in the balance sheet. The company has no major risks regarding single engagements. The company's policy when accepting credit risks means that all larger customers and partners are subject to current credit rating.

### ***Knowledge resources***

The ability of the company to attract and retain highly educated employees is essential to its continuous growth, including engineers with expertise in process development and automation. To ensure continuous competitive products the company is investing in the most modern process tools and research environments. This demands high skills, and substantial resources are thus also invested to develop the competences of the employees.

# Management's Review

## Targets and expectations for the year ahead

The expectations for 2019 are positive. Although management foresees continued intense competition.

## Research and development

The company is continuously engaged in adaptation and improvement of its plants and processes as well as in new developments. The costs of research and development are recognized in the profit and loss statement, unless development cost meets the requirements for recognition in the balance sheet. The research and development costs in the profit and loss amounted to DKK 60,2 million in 2018 (DKK 31,7 million in 2017). Capitalized development projects amounted to DKK 42,9 millions in 2018.

## Statement of corporate social responsibility

The company is a 100% owned subsidiary of GEA Group Holding GmbH, Germany, which is 100% owned by GEA Group Aktiengesellschaft, Germany. The ultimate parent of the company includes business model, in addition to policy, actions, results and risks to each of the mandatory areas under 99a of the Danish Financial Statements Act. Therefore, we refer to the Group's annual report 2018, which can be found here: <https://www.gea.com/en/investor-relations/releases-reports/annual-reports/index.jsp>

The below presents an overview of the implemented local CSR initiatives within the company and how we live up to the Group's expectations and commitments. Risks and how are they managed are reported on Group level.

## Climate and environment

The company affects the environment via transportation of products and employees, so does the company's energy consumption on performing pilot plant tests, heating of premises, cooling, lighting etc. The company decided on renewal of office lighting to LED lighting. This project is was finalized during 2018 and has reduced the annual CO<sub>2</sub> emissions considerably.

Focus is on reduction of energy consumption in internal processes as well as in development of new energy efficient technologies and plants. Among other things, this has resulted in accelerated development of our advanced automatic control system, POWDEREYE(TM) and DRYCONTROL(TM), so this is not only aimed at operations optimization of the drying process but also covers upstream equipment. This contributes to reduction of the energy consumption. Most dairy and food powder products possess a maximum allowed moisture content, which – if exceeded – will reduce the shelf life of the powder. Furthermore, the conditions of the inlet air for a process plant will have considerable influence on the drying of the product. This automatic control system can continuously keep the water content of the produced powder stable, so that over-drying of powder can be avoided at the same time as saving energy. When performing in-line measurements of moisture content in the drying air, the system is able to optimize the capacity of the industrial plant, whereby the energy content of the drying air will be optimally utilized. In areas with great variations in air humidity, the automatic control system may yield significant energy savings, when measuring energy consumption per kg powder produced. The current development expands the system to optimize operation and energy consumption in processing step prior to the drying.

## **Management's Review**

In 2017 the Company also initiated a multimillion DKK development project to vastly reduce the energy consumption of drying plants offered to customers. This project continued throughout 2018 and a prototype plant is currently under installation at the Company's Søborg Test Centre. The principle behind the project is the introduction of heat pumps into the drying plants. This will allow for recovery of huge amounts of energy which are otherwise emitted to the surroundings.

The project plan is for a late 2019 launch of this new, innovative solution.

Moreover, the company has supplied energy monitoring of a number of process plants commissioned. In general, we experience increased interest from our customers regarding reduced energy consumption and less environmental impact. Consequently, we now upon request conduct so-called PINCH analysis on clients processing plants. A PINCH analysis is a methodology for minimizing energy consumption of processing plants by calculating thermodynamically feasible energy targets (or minimum energy consumption) and achieving them by optimizing heat recovery systems, energy supply methods and process operating conditions. The Company is currently involved in a PhD-project with the Technical University of Denmark to improve the PINCH analysis methodology.

Further, we have developed in-house engineering software to accurately calculate the energy consumption of a given processing plant configuration. This is done during the sales phase of a new plant and thereby gives the client the possibility to evaluate the effect of adding energy saving technologies before deciding on the final configuration.

### ***Employees***

The number of employees grew slightly in 2018 and we experienced smaller organizational changes, which required that we had to focus on wellbeing, occupational health and safety and job satisfaction, because we demand a lot from our employees in terms of flexibility, commitment and loyalty to the company.

Therefore we continued - in cooperation with our Health and Safety organization - the focus on the psychological work environment.

We made common HR policies for the whole Denmark, which was implemented in the middle of the year. In these policies we also have focus on preventive measures in terms of occupational health and safety.

We also made smaller employee engagement surveys with a follow-up a few months later to see if the measures we have taken, had a positive effect on certain topics. So it has been a year with focus on employee engagement, which will also be in focus for the year 2019.

### ***Suppliers and human rights***

The company has assessed that the biggest exposure regarding human rights is within the supplier area. This area is separately treated in the GEA Compliance Handbook.

Local and international regulations on conditions of employment, working hours and health and safety conditions are observed in order to comply with the high standard stated in the internal GEA Compliance Handbook. The Compliance Handbook specifically states that discrimination of employees by virtue of

## Management's Review

sex, sexual orientation, origin, color of skin, or other personal features are strictly forbidden.

Our purchase organisation is responsible for vendor management and procures workshop components, third party equipment and services for customer projects and after sales business. Workshop components are manufactured based on our drawings and specifications in external workshops in and outside Denmark. Third party services are purchased in accordance with framework supplier agreements or on a case-by-case basis depending on the characteristics of the supplier or product market.

The purchasing staff are all well-trained in 'good purchasing practice' and the legal aspects of purchasing. Every purchaser has taken an on-line test in anti-corruption and export control organized by GEA Group Compliance Management.

The procedures on external workshop audits include evaluation of working conditions, maintenance of production facilities, cleaning, training of workshop staff and safety measures at the workshop.

This has positively contributed to no registered breaches on our internal procedures or any severe noncompliance of our suppliers in 2018.

We expect to maintain our focus in this area in the future.

### **Equal opportunities policy**

We have set up a policy to secure a gender composition of more women in our Management. The policy is based on the fact that we first need to secure a larger recruitment of women in new positions and thereby secure that women are appointed for future leading positions. Currently 1 of 4 present members in the Executive management is a woman and 1 of 3 members in the Supervisory Board (if employees' representatives are not taken into account) is a woman, which is deemed satisfactory and in line with the goals set in 2013.

Looking at the total management group below Executive Management and Supervisory Board, the gender composition is 12.28% women and 87.72% men, which is better than last year, where the composition was 9.4% women and 90.6% men. As mentioned, we are working on the general gender composition and we have a long-term perspective to secure the availability of a group of qualified female employees who later on can take on a management role. The initiatives in our policy focus on this. However, in general only few women choose the traditional engineering educations, which are needed in our business. Among others our policy focus on recruiting candidates from both genders when we have open positions normally dominated by males. We demand that our external recruitment companies must recruit at least one female candidate for a job interview. This year GEA globally also launched a special career programme for females.

On top of this we are continuously making awareness in the management group of this gender issue. At the beginning of the year 2018 the gender composition of the company showed 24.93% women and 75.07% men. At the end of the year 2018 the level of women has risen to 25.35%. This is better than the end of year 2017, where we were around 25%. Our goal is to gradually increase the number of female employees which will give us more women to choose from when appointing managers on all levels of

## **Management's Review**

management. Our goal was to reach a gender composition in 2017 of 25% women and 75% men, which we have reached. But we need to secure next year, that we have enough focus on this not to see a drop again.

### **Representative offices**

The company has a representative office in:  
Dubai, United Arab Emirates,  
Riydah, Saudi Arabia.

### **Consolidated annual report**

The company is a 100% owned subsidiary of GEA Group Holding GmbH, Germany, which is 100% owned by GEA Group Aktiengesellschaft, Germany.

The annual reports of the company and its subsidiaries are included in the audited consolidated annual report of GEA Group Aktiengesellschaft, Germany, which is the ultimate parent company of GEA Process Engineering A/S.

The above consolidated annual report can be obtained from GEA Process Engineering A/S, or can be downloaded from GEA Aktiengesellschaft's homepage (investor relations):

<https://www.gea.com/en/investor-relations/releases-reports/annual-reports/index.jsp>

## Income Statement 1 January - 31 December

	Note	2018 DKK	2017 DKK
<b>Revenue</b>	1	<b>2.280.688.836</b>	<b>2.105.027.458</b>
Production cost	2,5	-1.610.972.102	-1.463.621.811
<b>Gross profit/loss</b>		<b>669.716.734</b>	<b>641.405.647</b>
Sales- and distribution costs	3,5	-144.149.968	-177.387.668
Administrative expenses	4,5	-200.045.063	-194.475.134
<b>Operating profit/loss</b>		<b>325.521.703</b>	<b>269.542.845</b>
Income from investments in subsidiaries	6	6.913.179	79.796.549
Financial income	7	1.810.613	2.295.494
Financial expenses	8	-18.355.165	-8.614.992
<b>Profit before tax</b>		<b>315.890.330</b>	<b>343.019.896</b>
Tax on profit for the year	9	-78.445.928	-87.045.997
<b>Net profit/loss for the year</b>		<b>237.444.402</b>	<b>255.973.899</b>

# Balance Sheet 31 December 2018

## Assets

	Note	2018 DKK	2017 DKK
Completed development projects		105.292.105	84.879.571
Acquired intangible assets		27.899.724	30.422.426
Goodwill		22.493.310	27.348.936
Development projects in progress		55.659.344	78.665.265
<b>Intangible assets</b>	11	<b>211.344.483</b>	<b>221.316.198</b>
Plant and machinery		6.638.685	6.562.792
Other fixtures and fittings, tools and equipment		1.009.595	1.436.958
Leasehold improvements		40.375.344	45.230.885
Property, plant and equipment in progress		38.753.689	27.726.414
<b>Property, plant and equipment</b>	12	<b>86.777.313</b>	<b>80.957.049</b>
Investments in subsidiaries	13	849.013.566	859.618.849
Deposits	14	8.062.270	8.062.270
<b>Investments</b>		<b>857.075.836</b>	<b>867.681.119</b>
<b>Fixed assets</b>		<b>1.155.197.632</b>	<b>1.169.954.366</b>
Raw materials and consumables		79.898.669	72.504.365
<b>Inventories</b>		<b>79.898.669</b>	<b>72.504.365</b>
Trade receivables		99.721.311	150.406.266
Contract work in progress	15	565.095.548	361.080.519
Receivables from group enterprises		561.801.917	816.813.240
Other receivables		112.405.525	136.868.012
Prepayments	16	53.910.335	50.878.160
<b>Receivables</b>		<b>1.392.934.636</b>	<b>1.516.046.197</b>
<b>Cash at bank and in hand</b>		<b>16.383.624</b>	<b>12.179.311</b>
<b>Currents assets</b>		<b>1.489.216.929</b>	<b>1.600.729.873</b>
<b>Assets</b>		<b>2.644.414.561</b>	<b>2.770.684.239</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	2018 DKK	2017 DKK
Share capital		100.000.000	100.000.000
Reserve for development costs		96.501.772	79.697.955
Retained earnings		822.129.754	646.570.221
<b>Equity</b>	17	<b>1.018.631.526</b>	<b>826.268.176</b>
Provision for deferred tax	18	295.196.226	237.771.382
Warranty and guarantee provisions	19	17.633.553	15.474.044
<b>Total provisions</b>		<b>312.829.779</b>	<b>253.245.426</b>
Trade payables		292.726.670	253.538.423
Contract work in progress, liabilities	15	377.094.454	496.124.396
Payables to group enterprises		464.429.354	834.459.630
Corporation tax		12.755.312	7.975.755
Other payables		165.947.466	99.072.433
<b>Short-term liabilities other than provisions</b>		<b>1.312.953.256</b>	<b>1.691.170.637</b>
<b>Debt</b>		<b>1.312.953.256</b>	<b>1.691.170.637</b>
<b>Liabilities and equity</b>		<b>2.644.414.561</b>	<b>2.770.684.239</b>
Distribution of profit	10		
Contingent assets, liabilities and other financial obligations	20		
Related parties	21		
Accounting Policies	23		
Subsequent events	22		



## Statement of Changes in Equity

	Share capital	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January 2018	100.000.000	79.697.955	646.570.221	826.268.176
Extraordinary dividend paid	0	0	-44.669.400	-44.669.400
Fair value adjustment of hedging instruments, beginning of year	0	0	-56.793	-56.793
Fair value adjustment of hedging instruments	0	0	-454.949	-454.949
Tax on adjustment of hedging instruments	0	0	100.090	100.090
Development costs for the year	0	42.885.454	-42.885.454	0
Depreciation, amortisation and impairment for the year	0	-26.081.637	26.081.637	0
Net profit/loss for the year	0	0	237.444.402	237.444.402
<b>Equity at 31 December 2018</b>	<b>100.000.000</b>	<b>96.501.772</b>	<b>822.129.754</b>	<b>1.018.631.526</b>
Equity 1. januar 2017	100.000.000	50.165.885	559.812.211	709.978.096
Extraordinary dividend paid	0	0	-141.550.000	-141.550.000
Fair value adjustment of hedging instruments	0	0	2.391.902	2.391.902
Tax on adjustment of hedging instruments	0	0	-525.721	-525.721
Development costs for the year	0	30.886.672	-30.886.672	0
Depreciation, amortisation and impairment for the year	0	-1.354.602	1.354.602	0
Net profit/loss for the year	0	0	255.973.899	255.973.899
<b>Equity at 31 December 2017</b>	<b>100.000.000</b>	<b>79.697.955</b>	<b>646.570.221</b>	<b>826.268.176</b>

# Notes to the Financial Statements

	2018 DKK	2017 DKK
<b>1 Revenue</b>		
<b>Geographical segments</b>		
Revenue, Denmark	77.661.546	153.258.459
Revenue, exports	2.203.027.290	1.951.768.999
	<b>2.280.688.836</b>	<b>2.105.027.458</b>
<b>Business segments</b>		
<b>Denmark</b>		
Project	12.434.758	90.166.315
Component	15.883.550	78.288
Service	49.343.239	63.013.857
	<b>77.661.547</b>	<b>153.258.460</b>
<b>Export</b>		
Project	1.987.706.348	1.699.586.015
Component	417.577	11.223.414
Service	214.903.364	240.959.569
	<b>2.203.027.289</b>	<b>1.951.768.998</b>
	<b>2.280.688.836</b>	<b>2.105.027.458</b>
<b>2 Production cost</b>		
Cost of goods sold	1.387.629.508	1.256.874.792
Wages and salaries	223.342.594	206.747.019
	<b>1.610.972.102</b>	<b>1.463.621.811</b>
<b>3 Sales- and distribution costs</b>		
Wages and salaries	150.820.234	139.613.466
Depreciation and amortisation	31.149.370	28.758.752
Other expenses	54.314.572	65.149.065
Charged to group companies	-92.134.208	-56.133.615
	<b>144.149.968</b>	<b>177.387.668</b>

# Notes to the Financial Statements

	2018 DKK	2017 DKK
<b>4 Administrative expenses</b>		
Wages and salaries	154.632.233	143.142.205
Depreciation and amortisation	31.937.947	11.118.368
Other expenses	86.539.882	98.941.503
Charged to group companies	-73.064.999	-58.726.942
	<b>200.045.063</b>	<b>194.475.134</b>
<b>5 Staff</b>		
Wages and Salaries	480.490.222	443.318.772
Pensions	43.997.697	41.907.014
Other social security expenses	4.307.133	4.276.904
	<b>528.795.052</b>	<b>489.502.690</b>
Including remuneration to the Executive Board and Board of Directors:		
Executive Board	4.100.585	9.911.700
Board of Directors	100.000	100.000
	<b>4.200.585</b>	<b>10.011.700</b>
<b>Average number of employees</b>	<b>717</b>	<b>686</b>
<b>6 Income from investments in subsidiaries</b>		
Reversal of impairment in subsidiaries	0	68.735.731
Impairment of investment in subsidiaries	-10.605.283	-55.215.029
Dividend	17.518.462	66.275.847
	<b>6.913.179</b>	<b>79.796.549</b>
<b>7 Financial income</b>		
Interest received from group enterprises	708.872	488.772
Other financial income	1.101.741	1.806.722
	<b>1.810.613</b>	<b>2.295.494</b>

## Notes to the Financial Statements

	2018 DKK	2017 DKK
<b>8 Financial expenses</b>		
Interest paid to group enterprises	6.697.485	6.390.822
Other financial expenses	2.170.325	746.664
Exchange adjustments, expenses	9.487.355	1.477.506
	<b>18.355.165</b>	<b>8.614.992</b>
<b>9 Tax on profit for the year</b>		
Current tax for the year	10.724.811	5.223.034
Deferred tax for the year	57.524.933	53.086.009
Adjustment of tax concerning previous years	-3.176.128	-1.896.005
Adjustment of deferred tax concerning previous years	0	3.927.624
Other taxes	13.372.312	26.705.335
	<b>78.445.928</b>	<b>87.045.997</b>
<b>10 Distribution of profit</b>		
Extraordinary dividend paid	44.669.400	141.550.000
Retained earnings	192.775.002	114.423.899
	<b>237.444.402</b>	<b>255.973.899</b>
Extraordinary dividend after year end	74.673.000	44.669.400

# Notes to the Financial Statements

## 11 Intangible assets

	Completed development projects	Acquired intangible assets	Goodwill	Development projects in progress
	DKK	DKK	DKK	DKK
Cost at 1 January 2018	173.787.904	42.277.038	81.224.562	78.665.265
Additions for the year	0	3.937.212	0	42.885.454
Disposals for the year	-1.210.241	-2.725.917	0	0
Transfers for the year	63.925.281	0	0	-65.891.375
Cost at 31 December 2018	236.502.944	43.488.333	81.224.562	55.659.344
Impairment losses and amortisation at 1 January 2018	88.908.333	11.854.612	53.875.626	0
Amortisation for the year	43.512.747	6.459.914	4.855.626	0
Impairment and amortisation of sold assets for the year	-1.210.241	-2.725.917	0	0
Impairment losses and amortisation at 31 December 2018	131.210.839	15.588.609	58.731.252	0
<b>Carrying amount at 31 December 2018</b>	<b>105.292.105</b>	<b>27.899.724</b>	<b>22.493.310</b>	<b>55.659.344</b>

# Notes to the Financial Statements

## 12 Property, plant and equipment

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
	DKK	DKK	DKK	DKK
Cost at 1 January 2018	94.025.907	28.661.859	82.849.384	27.726.414
Additions for the year	879.236	0	0	13.210.274
Disposals for the year	-12.331.892	-16.809.496	0	0
Transfers for the year	2.182.999	0	0	-2.182.999
Cost at 31 December 2018	<u>84.756.250</u>	<u>11.852.363</u>	<u>82.849.384</u>	<u>38.753.689</u>
Impairment losses and depreciation at 1 January 2018	87.463.115	27.224.901	37.618.499	0
Depreciation for the year	2.976.130	427.362	4.855.541	0
Impairment and depreciation of sold assets for the year	<u>-12.321.680</u>	<u>-16.809.495</u>	<u>0</u>	<u>0</u>
Impairment losses and depreciation at 31 December 2018	<u>78.117.565</u>	<u>10.842.768</u>	<u>42.474.040</u>	<u>0</u>
<b>Carrying amount at 31 December 2018</b>	<b><u>6.638.685</u></b>	<b><u>1.009.595</u></b>	<b><u>40.375.344</u></b>	<b><u>38.753.689</u></b>

# Notes to the Financial Statements

	2018 DKK	2017 DKK
<b>13 Investments in subsidiaries</b>		
Cost at 1 January 2018	1.011.140.366	1.011.140.366
Cost at 31 December 2018	1.011.140.366	1.011.140.366
Value adjustments at 1 January 2018	-151.521.517	-165.042.219
Impairment for the year	-10.605.283	-55.215.029
Reversals of impairment	0	68.735.731
Value adjustments at 31 December 2018	-162.126.800	-151.521.517
<b>Carrying amount at 31 December 2018</b>	<b>849.013.566</b>	<b>859.618.849</b>

The company has calculated the recoverable amount for the individual subsidiaries and compared these to the carrying amount of these. The recoverable amount derived in connection with the impairment tests is calculated on basis of net cash flow in the individual subsidiary over a period of several years and a growth rate of 2 %. The Weighted Average Cost of Capital (WACC) is based on an factor of 6,96 %, which is the estimated average within the business areas in which the subsidiaries operate. Further, a local risk factor is added based on individual market and geographical risks in the countries where the subsidiaries operate. Based on the above assumptions the impairment test indicates impairment of financial fixed assets totalling to DKK 10,6 million. The impairment concerns the companies GEA Process Engineering de Mexico S.A. de C.V. and GEA Process Technology Warsaw Sp.z.o.o. where the financial outlooks for the subsidiaries have decreased the recovered amounts.

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership	Equity	Net profit/loss for the year
GEA Westfalia Separator A/S	Denmark	100%	41.656.000	8.689.000
GEA Scan Vibro A/S	Denmark	100%	38.241.000	4.170.000
GEA Process Engineering OY	Finland	100%	10.864.922	916.739
GEA Pharma Systems AG	Schweiz	100%	95.924.936	2.660.780
GEA Process Engineering Australia Pty. Ltd.	Australia	100%	115.496.729	20.041.563
GEA Engenharia e Processos Industriais Ltda.	Brazil	100%	66.122.942	-5.314.107
GEA Process Engineering Ltd.	Japan	100%	38.949.437	1.863.292
GEA Process Engineering (NZ) Limited	New Zealand	100%	249.228.605	6.320.285
GEA Process Engineering (S.E.A.) Pte Ltd.	Singapore	100%	63.703.536	-14.652.924
GEA Process Engineering (India) Limited	India	100%	161.077.128	-18.901.229
GEA Folyamattervezö Kft.	Hungary	100%	1.767.919	-64.818
GEA Process Technology Warsaw Sp.z.o.o	Poland	100%	12.231.437	-42.386.155

# Notes to the Financial Statements

## 13 Investments in subsidiaries (continued)

Name	Place of registered office	Votes and ownership	Equity	Net profit/loss for the year
GEA Pharma Systems N.V.	Belgium	100%	245.121.590	-4.919.090
GEA Process Engineering	Chile	100%	12.194.264	1.330.722
GEA Tuchenhausen Mak. Mük. Tic. Ltd. Sti.	Turkey	100%	-1.344.114	-3.562.613
GEA Process Engineering de México S.A. de C.V.	Mexico	100%	59.402.372	-10.859.263
			<u>1.210.638.703</u>	<u>-54.667.818</u>

## 14 Deposits

	Deposits DKK
Cost at 1 January 2018	<u>8.062.270</u>
Cost at 31 December 2018	<u>8.062.270</u>
<b>Carrying amount at 31 December 2018</b>	<b><u>8.062.270</u></b>

## 15 Contract work in progress

	2018 DKK	2017 DKK
Selling price of work in progress	4.570.253.520	4.176.680.352
Payments received on account	<u>-4.382.252.425</u>	<u>-4.311.724.229</u>
	<b><u>188.001.095</u></b>	<b><u>-135.043.877</u></b>
Recognised in the balance sheet as follows:		
Contract work in progress for affiliated companies	350.007.471	213.051.496
Contract work in progress for third parties	<u>215.088.077</u>	<u>148.029.023</u>
<b>Total work in progress</b>	<b><u>565.095.548</u></b>	<b><u>361.080.519</u></b>
Advance payments from affiliated companies	-242.996.750	-152.621.626
Advance payments from third parties	<u>-134.097.704</u>	<u>-343.502.770</u>
<b>Total advance payments</b>	<b><u>-377.094.454</u></b>	<b><u>-496.124.396</u></b>
<b>Total</b>	<b><u>188.001.094</u></b>	<b><u>-135.043.877</u></b>



# Notes to the Financial Statements

## 16 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums and subscriptions.

## 17 Equity

The share capital consists of 2 shares of a nominal value of DKK 50,000,000. No shares carry any special rights.

## 18 Provision for deferred tax

	2018 DKK	2017 DKK
Provision for deferred tax at 1 January	237.771.382	180.232.529
Amounts recognised in the income statement for the year	57.524.933	53.086.009
Adjustment of deferred tax (concerning previous years, equity adj. etc.)	-100.089	4.452.844
<b>Provision for deferred tax at 31 December</b>	<b>295.196.226</b>	<b>237.771.382</b>
Intangible assets	44.477.307	46.166.415
Tangible assets	599.124	629.871
Contract work in progress	256.294.600	191.421.025
Provisions	-6.174.805	-445.929
	<b>295.196.226</b>	<b>237.771.382</b>

## 19 Warranty and guarantee provisions

Warranty and guarantee provisions	17.633.553	15.474.044
	<b>17.633.553</b>	<b>15.474.044</b>

## 20 Contingent assets, liabilities and other financial obligations

### Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	29.466.087	28.139.795
Between 1 and 5 years	95.194.770	90.386.114
After 5 years	54.966.910	56.486.101
	<b>179.627.767</b>	<b>175.012.010</b>

# Notes to the Financial Statements

	2018 DKK	2017 DKK
<b>20 Contingent assets, liabilities and other financial obligations (continued)</b>		
<b>Guarantee obligations</b>		
Warranties and guarantee obligations issued by GEA concerning execution of contractual work etc. for third party.	163.416	163.416
Bank guarantees have been given to third parties concerning execution of contractual work etc. for third party.	452.567.108	346.331.391

## Joint taxation

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the GEA 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.

## 21 Related parties

	<b>Basis</b>
<b>Controlling interest</b>	
GEA Group Holding GmbH, Germany	100%

# Notes to the Financial Statements

## 21 Related parties (continued)

### Transactions

GEA Process Engineering A/S is a 100% owned subsidiary of GEA Group Holding GmbH, which is 100% owned by GEA Group Aktiengesellschaft, Germany.

GEA Process Engineering A/S' closely related parties with material influence include GEA Group Aktiengesellschaft and enterprises, including GEA Group Holding GmbH and its subsidiaries and associates, as well as the subsidiaries and associates listed in note 11.

GEA Process Engineering A/S sells and purchases goods and services to/from subsidiaries and associates. All trade is based on market terms, as the trade is based on the same terms as with the external partners.

### TDKK

Related party transactions	2018	2017
Sales, income	993.317	1.062.150
Purchase, expense	742.083	694.422
Overhead net income	165.199	114.861
Dividends from subsidiaries, income	17.518	66.276
Interest received, income	709	489
Interest paid, expense	2.170	747
Contract work in progress, assets	262.660	258.039
Receivables from group entities	561.802	816.813
Contract work in progress, liabilities	260.455	197.595
Liabilities to group entities	464.429	834.460

### Consolidated Financial Statements

Name	Place of registered office
GEA Group Aktiengesellschaft	Germany

The Group Annual Report of GEA Group Aktiengesellschaft may be obtained at the following address:

GEA Group Aktiengesellschaft, Peter Müller Strasse 12, D-40468 Düsseldorf, Germany

Or at:

<https://www.gea.com/en/investor-relations/releases-reports/annual-reports/index.jsp>

# Notes to the Financial Statements

## **22 Subsequent events**

On 27 February 2019 an extraordinary dividend of DKK 74.7 million was decided at a shareholder meeting. There are no other subsequent events which could materially affect the financial position of the company.

# Notes to the Financial Statements

## 23 Accounting Policies

The Annual Report of GEA PROCESS ENGINEERING A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2018 are presented in DKK.

### Change in comparative figures

Changes have been made to the comparative figures in the income statement. The reason is that the company in 2018 has introduced a new cost allocation structure and the comparative figures for the captions "production costs", "sales- and distribution costs" and "administrative expenses" have been adjusted accordingly. The changes have no impact on the result in the comparative figures for 2017.

### Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of GEA Group Aktiengesellschaft, Germany, the Company has not prepared consolidated financial statements.

Further pursuant to the Danish financial statements act § 96, paragraph 3, the company has not disclosed fee for auditors appointed at the general meeting.

### Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of GEA Group Aktiengesellschaft, the Company has not prepared a cash flow statement.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, write-down and provisions as well as write-backs as a result of changed accounting estimates of amounts that earlier have been included in the profit and loss statement are included.

Assets are included in the balance sheet when it is likely as a result of a prior event that future financial advantages will accrue to the company and when the value of the asset can be measured in a reliable way.

Liabilities are included in the balance sheet when the company has a legal or actual obligation as a result of a prior event and if it is likely that future financial advantages will no longer be of benefit to the

# Notes to the Financial Statements

## 23 Accounting Policies (continued)

company, and the value can be measured in a reliable way.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Gains, losses and risks that result before the annual report is submitted and which confirm or deny conditions present at the balance sheet date must be considered in connection with recognition and measurement.

### Business combinations

When acquiring new entities, the purchase method is applied under which identifiable assets and liabilities are measured at fair value at the date of acquisition.

Positive differences (goodwill) between cost and the fair value of identifiable assets and liabilities acquired, including restructuring provisions, are recognised as intangible assets and amortised systematically in the income statement based on an individual assessment of the useful life.

Goodwill and negative goodwill from acquired entities may be adjusted until 12 months after the acquisition date.

Newly acquired or newly established entities are recognised in the consolidated financial statements at the date of acquisition or establishment. Divested or wound-up entities are recognised in the consolidated income statement up to the date of divestment or winding-up. Comparative figures are not restated to reflect acquisitions, divestments or windings-up.

The uniting-of-interests method is applied to business combinations such as the acquisition and disposal of equity investments, mergers, demergers, contribution of assets, share exchanges, etc., between entities controlled by the Parent Company. The uniting of interests is considered to have been completed at the date of the acquisition without restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquired entity is recognised in equity.

Gains or losses on the divestment of subsidiaries and associates are calculated as the difference between the sales amount and the carrying amount of net assets at the date of disposal, including non-amortised goodwill and projected costs of divestment or winding-up.

### Translation policies

Transactions in foreign currencies are recorded at initial recognition at the exchange rate on the transaction date. Exchange rate differences appearing between the exchange rate on the transaction day and the exchange rate on the date of the payment are recognised as a financial gain/loss in the profit and loss statement.

Receivables and debt in foreign currencies are recorded in Danish Kroner according to the exchange rate on the balance sheet date or the exchange rate in forward contracts, if the outstanding is secured.

# Notes to the Financial Statements

## 23 Accounting Policies (continued)

Exchange rate differences appearing between the exchange rate on the balance sheet date and the exchange rate on the date of the original recognition of the receivable or the debt are recognised as a financial gain/loss in the profit and loss statement.

### Hedge accounting

The company is on a continuous basis entering into financial contracts in order to hedge receivables, liabilities and expected cashflow.

For financial contracts, which are classified as and meet the requirements of full hedging assets, liabilities and expected cashflow, changes in fair value are recognised in accounts receivable, debts and equity. Gains and losses from such financial contracts are transferred from equity by realisation of the secured item and are recognised in the annual report in the same place as the secured.

## Income Statement

### Revenue

Income from the sale of goods for resale and finished goods, is recognised in the income statement when delivery and transfer of risk to the buyer have taken place and provided that the income can be reliably measured and is expected to be received.

Revenue is measured ex. VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Construction contracts are recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (the percentage of completion method). When the income from a construction contract cannot be estimated reliably, revenue is recognised only corresponding to the costs incurred to the extent that it is probable that they will be recovered.

### Production costs

Production cost comprise costs, including salaries, incurred in generating the revenue for the year. Such costs include direct and indirect costs for raw materials and consumables, wages and salaries, rent and leases.

### Sales- and distribution costs

Costs incurred in distributing goods sold during the year and in conducting sales campaigns, etc., during the year are recognized as distribution costs. Also, costs relating to sales staff, advertising, exhibitions and depreciation are recognized as distribution costs.

# Notes to the Financial Statements

## 23 Accounting Policies (continued)

### Administrative expenses

Administrative expenses comprise expenses incurred during the year for company management and administration, including expenses for administrative staff, management, office premises and office expenses, and depreciation.

### Financial income and expenses

Financial income and expenses include interest income and expenses as well as realised and unrealised exchange gains and losses related to transactions in foreign currency together with dividends distributed from subsidiaries, and impairment write-downs on subsidiaries and reversal hereof.

### Tax on profit for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish group companies. The Company is administrative company for the joint taxation and consequently settles all payments of corporation tax to the Danish Tax authorities. The tax effect of the joint taxation with other Danish group enterprises is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

## Balance Sheet

### Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at maximum 20 years.

Development costs comprise costs, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement when incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life, which is 3-5 years.



# Notes to the Financial Statements

## 23 Accounting Policies (continued)

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining patent period, and licences are amortised over the licence period.

Gains and losses on the disposal of development projects, patents and licences are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income/other operating costs.

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. Assets of own production comprise direct and indirect expenses for labour and materials.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Plant, other fixtures and fittings, tools and equipment	3-15 years
Leasehold improvements	10-30 years

Depreciation period and residual value are reassessed annually.

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. Profits or losses are included in the income statement under other operating income/other operating costs.

Tangible fixed assets are written down to the recoverable amount, if this is lower than the book value.

### Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment as well as equity investments in group entities and associates are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the

# Notes to the Financial Statements

## 23 Accounting Policies (continued)

smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

### Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Previously recognised write-downs are reversed when the basis for the write-down no longer exists. Reversed write-downs are recognised in the income statement as financial income.

### Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The cost of goods for resale, raw materials and consumables consist of purchase price plus landing cost.

Goods of own production are measured at the lower of direct material and wages with addition of indirect production cost or net realisable value.

### Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

### Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The percent of completion is determined as the ratio between direct allocated costs, including materials, wages etc. with the addition of indirect production costs related to the contract work and latest estimated total cost.

Contract work in progress and invoicing on account in foreign currency have been translated at the rates of exchange in effect on the date of contract.

In cases where invoicing on account exceeds the recognised sales value of a contract, the exceeding amount has been included in current liabilities as part of advance payment from customers.

### Prepayments

Prepayments comprise prepaid expenses concerning subsequent financial years. Prepayments are measured at cost.

# Notes to the Financial Statements

## 23 Accounting Policies (continued)

### Equity

#### *Reserve for development costs*

The reserve for development costs comprises capitalised development costs. The reserve cannot be used for dividend, distributed or cover losses. If the recognised development costs are sold or in other ways excluded from the Company's operations, the reserve will be dissolved and transferred directly to the distributeable reserves under equity. If the recognised development costs are written down, the part of the reserve corresponding to the write-down of the development costs will be reversed. If a write-down of development costs is subsequently reversed, the reserve will be re-established. The reserve is reduced by amortisation of capitalised development costs on an ongoing basis.

#### *Dividend*

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

### Provisions

Other provisions, which contain expected costs for warranty provisions, losses on contract work in progress, restructuring etc. are recognized if the obligation is present at the date of the balance sheet.

Warranty obligations contain the commitments to repair works within the warranty period. Based upon experience, a provision for warranty expenses has been established to cover such obligations.

When there is a probability that the total costs will exceed the total income of contract work in progress for third parties, a provision of the total loss expected is established under cost of manufactured goods.

### Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

# Notes to the Financial Statements

## 23 Accounting Policies (continued)

### Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account.

Current tax payable and receivable is recognised in the balance sheet as amounts owed by or to affiliates.

### Liabilities other than provisions

Financial liabilities are measured at amortised cost, substantially corresponding to nominal value.

### Segment information

Segment information is provided on business segments and geographical markets. The segment information is in line with the Company's accounting policies, risk and internal financial management.

## Financial Highlights

### Explanation of financial ratios

Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$