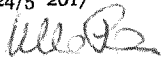

GEA Westfalia Separator DK A/S

Norskovvej 1 B, DK-8660 Skanderborg

Annual Report for 1 January - 31 December 2016

CVR No 16 42 30 41

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
24/5 2017



Chairman

Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company Information	5
Financial Highlights	6
Management's Review	7
Financial Statements	
Income Statement 1 January - 31 December	8
Balance Sheet 31 December	9
Statement of Changes in Equity	11
Notes to the Financial Statements	12
Notes, Accounting Policies	17

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of GEA Westfalia Separator DKA/S for the financial year 1 January - 31 December 2016.

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 financial position at 31 December 2016 of the Company and of the results of the Company operations for 2016.

In our opinion, Management's Review includes a true and 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.

Skanderborg, 24 May 2017

Executive Board


Ulla Michelsen
Executive Officer


Morten Unn Hansen
Executive Officer

Board of Directors

Dag Moxnes
Chairman

Stefanus Gerardus Broens

Ann Tonia Jan Cuylaerts

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of GEA Westfalia Separator DK A/S for the financial year 1 January - 31 December 2016.

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 financial position at 31 December 2016 of the Company and of the results of the Company operations for 2016.

In our opinion, Management's Review includes a true and 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.

Skanderborg, 24 May 2017

Executive Board

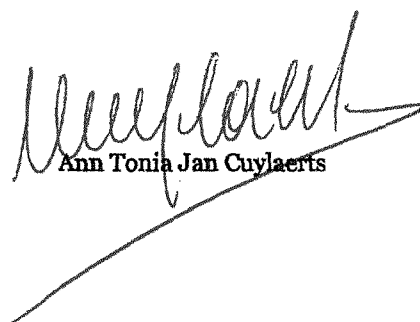
Ulla Michelsen
Executive Officer

Morten Unn Hansen
Executive Officer

Board of Directors

Dag Moxnes
Chairman

Stefanus Gerardus Broens



Ann Tonia Jan Cuylaerts

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of GEA Westfalia Separator DK A/S for the financial year 1 January - 31 December 2016.

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 financial position at 31 December 2016 of the Company and of the results of the Company operations for 2016.

In our opinion, Management's Review includes a true and 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.

Skanderborg, 24 May 2017


Executive Board

Ulla Michelsen
Executive Officer

Morten Unn Hansen
Executive Officer

Board of Directors

Dag Moxnes
Chairman



Stefanus Gerardus Brøns

Ann Tonia Jan Cuylaerts

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of GEA Westfalia Separator DK A/S for the financial year 1 January - 31 December 2016.

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 financial position at 31 December 2016 of the Company and of the results of the Company operations for 2016.

In our opinion, Management's Review includes a true and 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.

Skanderborg, 24 May 2017

Executive Board

Ulla Michelsen
Executive Officer

Morten Unn Hansen
Executive Officer

Board of Directors


Dag Moxnes
Chairman

Stefanus Gerardus Broens

Ann Tonia Jan Cuylaerts

Independent Auditor's Report

To the Shareholder of GEA Westfalia Separator DK A/S

Opinion

We have audited the financial statements of GEA Westfalia Separator A/S for the financial year 1 January – 31 December 2016 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 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016 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 as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the 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

Independent Auditor's Report

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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover 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.

Independent Auditor's Report

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

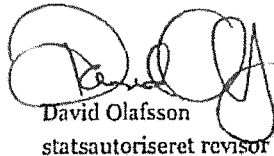
Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 24 May 2017

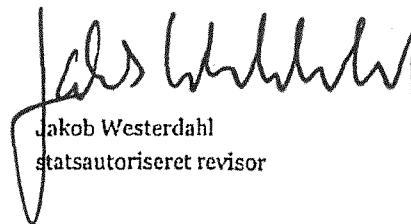
KPMG

Statsautoriseret Revisionspartnerselskab

CVR No 25 57 81 98



David Olafsson
statsautoriseret revisor



Jakob Westerdahl
statsautoriseret revisor

Company Information

The Company

GEA Westfalia Separator DK A/S
Norskovvej 1 B
DK-8660 Skanderborg

Telephone: + 45 +45 87 94 10 00
E-mail: wSDenmark.info@gea.com

CVR No: 16 42 30 41
Financial period: 1 January - 31 December
Incorporated: 1 July 1992
Municipality of reg. office: Skanderborg

Board of Directors

Dag Moxnes , Chairman
Stefanus Gerardus Broens
Ann Tonia Jan Cuylaerts

Executive Board

Ulla Michelsen
Morten Unn Hansen

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
DK-8210 Århus V

Financial Highlights

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

	2016	2015	2014	2013	2012
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit/loss	25.810	22.752	22.927	21.123	17.655
Profit/loss before financial income and expenses	8.224	6.706	5.591	5.033	3.972
Net financials	-239	46	19	-47	-2
Net profit/loss for the year	6.249	5.212	4.149	3.801	2.961
Balance sheet					
Balance sheet total	87.476	64.186	65.988	48.656	37.358
Equity	27.168	20.918	30.607	26.458	22.657
Investment in property, plant and equipment	1.784	0	246	605	1.850
Number of employees	24	25	26	24	22
Ratios					
Return on assets	9,4%	10,4%	8,5%	10,3%	10,6%
Solvency ratio	31,1%	32,6%	46,4%	54,4%	60,6%
Return on equity	26,0%	20,2%	14,5%	15,5%	14,3%

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

The Company's main activity consist of sale of seperators, decanters, spare parts and service.

Development in the year

The income statement of the Company for 2016 shows a profit of DKK 6,249,381, and at 31 December 2016 the balance sheet of the Company shows equity of DKK 27,167,866.

The profit for the year 2016 is considered satisfactory by Management.

Special risks - operating risks and financial risks

Foreign exchange risks

As the Company mostly sells and buys in Euro or Danish Krone, foreign exchange risk is considered low.

Credit risks

The Company has an excellent history of low credit losses and has implemented credit risk procedures. Accordingly, credit risk is considered low.

Targets and expectations for the year ahead

For the coming year, Management expects financial performance to be in line with this year.

External environment

The Company's nature as a distributor limits the environmental impact of its operations.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2016 DKK	2015 DKK
Gross profit/loss		25.809.938	22.752.148
Staff expenses	1	-17.396.983	-16.754.369
Depreciation, amortisation and impairment of property, plant and equipment	2	-189.134	707.964
Profit/loss before financial income and expenses		8.223.821	6.705.743
Financial income	3	0	63.828
Financial expenses	4	-238.687	-17.596
Profit/loss before tax		7.985.134	6.751.975
Tax on profit/loss for the year	5	-1.735.753	-1.540.357
Net profit/loss for the year		6.249.381	5.211.618

Balance Sheet 31 December

Assets

	<u>Note</u>	<u>2016</u> DKK	<u>2015</u> DKK
Land and buildings		101.297	101.297
Plant and machinery		1.784.160	0
Other fixtures and fittings, tools and equipment		<u>268.449</u>	<u>512.583</u>
Property, plant and equipment	6	<u>2.153.906</u>	<u>613.880</u>
Fixed assets		<u>2.153.906</u>	<u>613.880</u>
Inventories		<u>1.972.877</u>	<u>1.783.531</u>
Trade receivables		41.388.714	33.474.875
Contract work in progress	7	5.640.975	2.823.110
Receivables from group enterprises		36.283.448	25.055.703
Other receivables		35.749	0
Joint taxation contribution, receivables		<u>0</u>	<u>434.462</u>
Receivables		<u>83.348.886</u>	<u>61.788.150</u>
Currents assets		<u>85.321.763</u>	<u>63.571.681</u>
Assets		<u>87.475.669</u>	<u>64.185.561</u>

Balance Sheet 31 December

Liabilities and equity

	Note	2016 DKK	2015 DKK
Share capital		1.000.000	1.000.000
Retained earnings		26.167.866	19.918.485
Equity	8	27.167.866	20.918.485
Provision for deferred tax	9	883.878	780.595
Other provisions	10	848.800	903.800
Provisions		1.732.678	1.684.395
Trade payables		2.704.809	1.712.681
Contract work in progress, liabilities	7	11.680.842	13.171.058
Payables to group enterprises		33.818.262	19.137.401
Other payables		10.371.212	7.561.541
Short-term debt		58.575.125	41.582.681
Debt		58.575.125	41.582.681
Liabilities and equity		87.475.669	64.185.561
Distribution of profit	11		
Contingent assets, liabilities and other financial obligations	12		
Related parties	13		

Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK
2016				
Equity at 1 January	1.000.000	19.918.485	0	20.918.485
Net profit/loss for the year	0	6.249.381	0	6.249.381
Equity at 31 December	1.000.000	26.167.866	0	27.167.866
2015				
Equity 1. januar	1.000.000	14.706.867	14.900.000	30.606.867
Ordinary dividend paid	0	0	-14.900.000	-14.900.000
Net profit/loss for the year	0	5.211.618	0	5.211.618
Equity at 31 December	1.000.000	19.918.485	0	20.918.485

Notes to the Financial Statements

	<u>2016</u>	<u>2015</u>
	DKK	DKK
1 Staff expenses		
Wages and salaries	15.883.923	15.240.667
Pensions	1.379.638	1.386.180
Other social security expenses	<u>133.422</u>	<u>127.522</u>
	<u>17.396.983</u>	<u>16.754.369</u>
Average number of employees	<u>24</u>	<u>25</u>
Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.		
	<u>2016</u>	<u>2015</u>
	DKK	DKK
2 Depreciation, amortisation and impairment of property, plant and equipment		
Depreciation of property, plant and equipment	244.134	402.036
Gain and loss on disposal	<u>-55.000</u>	<u>-1.110.000</u>
	<u>189.134</u>	<u>-707.964</u>
3 Financial income		
Interest received from group enterprises	<u>0</u>	<u>63.828</u>
	<u>0</u>	<u>63.828</u>
4 Financial expenses		
Interest paid to group enterprises	<u>238.687</u>	<u>17.596</u>
	<u>238.687</u>	<u>17.596</u>

Notes to the Financial Statements

	2016 DKK	2015 DKK	
5 Tax on profit/loss for the year			
Current tax for the year	1.632.470	-434.462	
Deferred tax for the year	103.283	2.051.046	
Adjustment of deferred tax concerning previous years	0	-76.227	
	1.735.753	1.540.357	
6 Property, plant and equipment			
	Land and buildings DKK	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK
Cost at 1 January	390.000	0	1.891.037
Additions for the year	0	1.784.160	0
Disposals for the year	0	0	-437.088
Cost at 31 December	390.000	1.784.160	1.453.949
Impairment losses and depreciation at 1 January	288.703	0	1.378.455
Depreciation for the year	0	0	244.133
Reversal of impairment and depreciation of sold assets	0	0	-437.088
Impairment losses and depreciation at 31 December	288.703	0	1.185.500
Carrying amount at 31 December	101.297	1.784.160	268.449
	2016 DKK	2015 DKK	
7 Contract work in progress			
Selling price of work in progress	48.931.667	22.081.724	
Payments received on account	-54.971.534	-32.429.672	
	-6.039.867	-10.347.948	
Recognised in the balance sheet as follows:			
Contract work in progress recognised in assets	5.640.975	2.823.110	
Prepayments received recognised in debt	-11.680.842	-13.171.058	
	-6.039.867	-10.347.948	

Notes to the Financial Statements

8 Equity

The share capital consists of 1,000 shares of a nominal value of DKK 1,000. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

	<u>2016</u> DKK	<u>2015</u> DKK
9 Provision for deferred tax		
Provision for deferred tax at 1 January	780.595	-1.194.224
Amounts recognised in the income statement for the year	<u>103.283</u>	<u>2.051.046</u>
Provision for deferred tax at 31 December	<u>883.878</u>	<u>780.595</u>

10 Other provisions

In general, the Company provides a warranty of 1-2 years on machinery delivered. The warranty provision has been recognised based on previous experience with warranty work.

Warranty provisions	<u>848.800</u>	<u>903.800</u>
	<u>848.800</u>	<u>903.800</u>

11 Distribution of profit

Retained earnings	<u>6.249.381</u>	<u>5.211.618</u>
	<u>6.249.381</u>	<u>5.211.618</u>

Notes to the Financial Statements

	<u>2016</u>	<u>2015</u>
	DKK	DKK

12 Contingent assets, liabilities and other financial obligations

For the years 2017 - 2021, the company has entered into leases relating to rent and cars at a total of DKK 4,960 thousand. Annual expenses arising from operating leases represented DKK 1,165 thousand for 2017.

Annual rent commitments reached DKK 796 thousand. The leasehold is interminable until 2022.

Guarantee obligations

Bank Guaranties	23.087	22.234
-----------------	--------	--------

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of GEA Process Engineering A/S, CVR No. 10 05 07 15, which is the management company of the joint taxation purposes. 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.

Notes to the Financial Statements

13 Related parties

	<u>Basis</u>
Controlling interest	
GEA Process Engineering A/S, Gladsaxevej 305, 2860 Søborg	100% ownership

Transactions

The Company has chosen only to disclose transactions that are not carried out on an arm's length basis in accordance with section 98c(7) of the Danish Financial Statements Act.

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

GEA Process Engineering A/S, Gladsaxevej 305, 2860 Søborg, 100%.

Consolidated Financial Statements

The ultimate parent company is:

<u>Name</u>	<u>Place of registered office</u>
GEA Group AG,	Peter Müller Strasse 12, D-40468 Düsseldorf, Germany

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

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

Notes, Accounting Policies

Basis of Preparation

The Annual Report of GEA Westfalia Separator DK A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015. This has entailed the following changes to recognition and measurement:

- Going forward, the residual value of property, plant and equipment must be reassessed on an ongoing basis. Pursuant to the transition provisions of the Act, any adjustments to residual values must be made prospectively as an accounting estimate without restatement of comparative figures and without effect on equity.

The changes have no monetary effect on the income statement or the balance sheet for 2016 or for the comparative figures. Apart from the above, the accounting policies used in the preparation of the financial statements are consistent with those of last year.

The Financial Statements for 2016 are presented in DKK.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

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, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

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

Notes, Accounting Policies

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Revenue

Revenue from the sale of goods in form of spare parts and services is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the

Notes, Accounting Policies

stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses for holiday allowance, pension and other social security costs, etc., to the Company's employees.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments as well as extra payments and repayment under the onaccount taxation scheme.

Tax on profit/loss 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.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with Danish group companies, where GEA Process Engineering A/S (CVR No. 10 05 07 15) is the administration company. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Notes, Accounting Policies

Balance Sheet

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.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

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:

Buildings	20 years
Other fixtures and fittings, tools and equipment	3 - 5 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Land is not depreciated.

Minor assets are recognised as costs in the income statement at the date of acquisition.

Impairment of fixed assets

The carrying amount of property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation.

Inventories

Inventories are measured at the lower of cost based on weighted average prices and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

Notes, Accounting Policies

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 stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

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

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of . Provisions are measured and recognised based on experience with guarantee work.

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.

Notes, Accounting Policies

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.

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. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

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

Cash Flow Statement

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of GEA Group AG.

Notes, Accounting Policies

Financial Highlights

Explanation of financial ratios

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

$$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$$