
GEA Westfalia Separator DK A/S

Nørskovvej 1 B, DK-8660 Skanderborg

Annual Report for 1 January - 31 December 2020

CVR No 16 42 30 41

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
18/06 2021

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 Westfalia Separator DK A/S for the financial year 1 January - 31 December 2020.

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 2020 of the Company and of the results of the Company operations for 2020.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Skanderborg, 18 June 2021

Executive Board

Ib René Vinther Elgaard
CEO

Ulla Michelsen
Executive Officer

Mette Albrechtsen
Executive Officer

Board of Directors

Klaus Dieter Stojentin
Chairman

Martin Seifert

Ib René Vinther Elgaard

Independent Auditor's Report

To the Shareholder of GEA Westfalia Separator DK A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of GEA Westfalia Separator DK A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

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 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 about 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 applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the

Independent Auditor's Report

Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

København, 18 June 2021

KPMG

Statsautoriseret Revisionspartnerselskab

CVR No 25 57 81 98

David Olafsson
State Authorised Public Accountant
mne19737

Katrine Gybel
State Authorised Public Accountant
mne45848

Company Information

The Company

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

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E-mail: [wsdenmark.info@gea.com](mailto:wedenmark.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

Klaus Dieter Stojentin , Chairman
Martin Seifert
Ib René Vinther Elgaard

Executive Board

Ib René Vinther Elgaard
Ulla Michelsen
Mette Albrechtsen

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø

Financial Highlights

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

	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK	2016 TDKK
Key figures					
Profit/loss					
Gross profit/loss	23.047	27.285	28.776	21.437	25.810
Profit/loss before financial income and expenses	2.875	8.692	10.427	4.623	8.224
Net financials	-108	-102	-4	-1	-239
Net profit/loss for the year	2.132	7.044	8.065	3.291	6.249
Balance sheet					
Balance sheet total	86.862	82.483	64.362	70.412	87.476
Equity	47.700	45.568	38.524	30.459	27.168
Investment in property, plant and equipment	65	242	0	0	1.784
Number of employees	28	26	26	25	24
Ratios					
Return on assets	3,3%	10,5%	16,2%	6,6%	9,4%
Solvency ratio	54,9%	55,2%	59,9%	43,3%	31,1%
Return on equity	4,6%	16,8%	23,4%	11,4%	26,0%

Management's Review

Key activities

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

Development in the year

The income statement of the Company for 2020 shows a profit of DKK 2,131,755, and at 31 December 2020 the balance sheet of the Company shows equity of DKK 47,699,667.

The profit for the year 2020 is considered satisfactory by Management and in line with the expectations as to the fact that primarily the New Machine business would be influenced during a year with uncertain market conditions due to the pandemic.

Foreign exchange risks

As the Company mostly sells and buys in Euro or Danish Krone the 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 lower than this year due to the impact of Covid-19, which has resulted in lower order intake in the New Machine business in the second half of 2020 influencing sales in 2021.

However, market activity is starting to pickup again resulting in optimism for New Machine order intake during the second half of 2021. It is expected, that the negative impact from the pandemic will fade during 2021, but the extent of the negative implications on the New Machine business is still difficult to quantify, as a few large orders can be game changing in a company of this size. A bottom line at same level as 2020 is expected despite the negative impact of the pandemic.

External environment

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

No event's materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2020 DKK	2019 DKK
Gross profit/loss		23.046.797	27.285.486
Staff expenses	1	-19.929.617	-18.219.259
Depreciation, amortisation and impairment of property, plant and equipment	2	-241.981	-373.829
Profit/loss before financial income and expenses		2.875.199	8.692.398
Financial income	3	-6.308	-2.193
Financial expenses	4	-102.027	-100.210
Profit/loss before tax		2.766.864	8.589.995
Tax on profit/loss for the year	5	-635.109	-1.545.978
Net profit/loss for the year		2.131.755	7.044.017

Balance Sheet 31 December

Assets

	Note	2020 DKK	2019 DKK
Land and buildings		0	101.297
Plant and machinery		178.415	859.393
Other fixtures and fittings, tools and equipment		75.530	106.804
Property, plant and equipment	6	253.945	1.067.494
Fixed assets		253.945	1.067.494
Inventories		2.408.050	3.032.067
Trade receivables		27.436.918	38.192.166
Contract work in progress	7	5.326.822	16.362.711
Receivables from group enterprises		50.232.408	19.330.264
Other receivables		801.765	4.498.266
Deferred tax asset	8	401.984	0
Receivables		84.199.897	78.383.407
Currents assets		86.607.947	81.415.474
Assets		86.861.892	82.482.968

Balance Sheet 31 December

Liabilities and equity

	Note	2020 DKK	2019 DKK
Share capital	9	1.000.000	1.000.000
Retained earnings		28.074.667	44.567.912
Proposed dividend for the year		18.625.000	0
Equity		47.699.667	45.567.912
Provision for deferred tax	8	0	636.839
Other provisions	11	658.000	580.500
Provisions		658.000	1.217.339
Trade payables		4.606.091	2.292.081
Contract work in progress, liabilities	7	5.123.278	8.267.714
Payables to group enterprises		17.156.771	17.012.448
Tax Payable		3.894.883	2.121.252
Other payables		7.723.202	6.004.222
Short-term debt		38.504.225	35.697.717
Debt		38.504.225	35.697.717
Liabilities and equity		86.861.892	82.482.968
Distribution of profit	10		
Contingent assets, liabilities and other financial obligations	12		
Related parties	13		
Accounting Policies	14		

Statement of Changes in Equity

	Share capital DKK	Retained earnings DKK	Proposed dividend for the year DKK	Total DKK
2020				
Equity at 1 January	1.000.000	44.567.912	0	45.567.912
Net profit/loss for the year	0	-16.493.245	18.625.000	2.131.755
Equity at 31 December	1.000.000	28.074.667	18.625.000	47.699.667
2019				
Equity 1. januar	1.000.000	37.523.895	0	38.523.895
Net profit/loss for the year	0	7.044.017	0	7.044.017
Equity at 31 December	1.000.000	44.567.912	0	45.567.912

Notes to the Financial Statements

	<u>2020</u> DKK	<u>2019</u> DKK
1 Staff expenses		
Wages and salaries	18.147.441	16.412.079
Pensions	1.672.786	1.577.521
Other social security expenses	109.390	229.659
	<u>19.929.617</u>	<u>18.219.259</u>
Including remuneration to the Executive Board	<u>770.747</u>	<u>0</u>
Average number of employees	<u>28</u>	<u>26</u>
2 Depreciation, amortisation and impairment of property, plant and equipment		
Depreciation of property, plant and equipment	241.981	373.829
	<u>241.981</u>	<u>373.829</u>
3 Financial income		
Interest received from group enterprises	-6.308	-2.193
	<u>-6.308</u>	<u>-2.193</u>
4 Financial expenses		
Other financial expenses	102.027	100.210
	<u>102.027</u>	<u>100.210</u>
	<u>2020</u> DKK	<u>2019</u> DKK
5 Tax on profit/loss for the year		
Current tax for the year	1.673.932	2.092.168
Deferred tax for the year	-1.038.823	-172.612
Adjustment of tax concerning previous years	0	-373.578
	<u>635.109</u>	<u>1.545.978</u>

Notes to the Financial Statements

6 Property, plant and equipment

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment
	DKK	DKK	DKK
Cost at 1 January	390.000	1.932.359	1.547.772
Additions for the year	0	64.978	0
Disposals for the year	-390.000	-1.784.160	0
Cost at 31 December	<u>0</u>	<u>213.177</u>	<u>1.547.772</u>
Impairment losses and depreciation at 1 January	288.703	1.072.966	1.440.968
Depreciation for the year	0	210.708	31.274
Reversal of impairment and depreciation of sold assets	-288.703	-1.248.912	0
Impairment losses and depreciation at 31 December	<u>0</u>	<u>34.762</u>	<u>1.472.242</u>
Carrying amount at 31 December	<u>0</u>	<u>178.415</u>	<u>75.530</u>

7 Contract work in progress

	2020	2019
	DKK	DKK
Selling price of work in progress	15.263.690	47.354.886
Payments received on account	-15.060.146	-39.259.889
	<u>203.544</u>	<u>8.094.997</u>
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	5.326.822	16.362.711
Prepayments received recognised in debt	-5.123.278	-8.267.714
	<u>203.544</u>	<u>8.094.997</u>

8 Deferred tax asset

Deferred tax asset at 1 January	-636.839	-809.450
Amounts recognised in the income statement for the year	1.038.823	172.612
Amounts recognised in equity for the year	0	-1
Deferred tax asset at 31 December	<u>401.984</u>	<u>-636.839</u>

Notes to the Financial Statements

9 Equity

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

	<u>2020</u> DKK	<u>2019</u> DKK
10 Distribution of profit		
Proposed dividend for the year	18.625.000	0
Retained earnings	<u>-16.493.245</u>	<u>7.044.017</u>
	<u>2.131.755</u>	<u>7.044.017</u>

11 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>658.000</u>	<u>580.500</u>
	<u>658.000</u>	<u>580.500</u>

Notes to the Financial Statements

	2020 DKK	2019 DKK
12 Contingent assets, liabilities and other financial obligations		
Rental and lease obligations (TDKK)		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	1.831	1.762
Between 1 and 5 years	5.568	4.799
After 5 years	0	1.870
	<u>7.399</u>	<u>8.431</u>
Guarantee obligations		
Bank Guaranties (TDKK)	1.561	4.051

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

Basis

Controlling interest

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

GEA Process Engineering A/S holds the majority of the contributed capital in the Company.

Transactions

TDKK

Related party transactions	2020	2019
Sales, Income	4.767	5.953
Purchase, expense	69.481	99.258
Overhead, net cost	7.661	2.195
Receivables from group entities	50.569	19.593
Tax payable	3.895	2.121
Liabilities to group entities	17.157	17.012
Interest	6	0

Consolidated Financial Statements

GEA Westfalia Separator DK A/S is part of the consolidated financial statements of GEA Group AG, Peter Müller Strasse 12, D-40468 Düsseldorf, Germany, which are the smallest and largest group, in which the Company is included as a subsidiary.

Name	Place of registered office
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 to the Financial Statements

14 Accounting Policies

The Annual Report of GEA Westfalia Separator DK A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2020 are presented in DKK.

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 AG., the Company has not prepared a cash flow statement.

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.

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 inte-

Notes to the Financial Statements

14 Accounting Policies (continued)

rest 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

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 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.

Notes to the Financial Statements

14 Accounting Policies (continued)

Other external expenses

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

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale 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 to the Financial Statements

14 Accounting Policies (continued)

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.

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.

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 to the Financial Statements

14 Accounting Policies (continued)

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.

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.

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

Notes to the Financial Statements

14 Accounting Policies (continued)

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.

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