

GEA Liquid Technologies A/S

Nørskovvej 1B, 8660 Skanderborg
CVR no. 43 94 00 74

Annual report for the financial year 23.03.23 - 31.12.23

This annual report has been adopted at the
annual general meeting on 15.07.24

DocuSigned by:


Charlotte Thorsen
637AFF636CDB47...

Chairman of the meeting

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Company information etc.

The company

GEA Liquid Technologies A/S
Nørskovvej 1B
8660 Skanderborg
Registered office: Skanderborg
CVR no.: 43 94 00 74
Financial year: 01.01 - 31.12
1. financial year

Executive Board

CEO Claus Bøgelund Kamp
Thorsen
Mette Albrechtsen
Ulla Michelsen

Board of Directors

Morten Unn Hansen
Steffen Rathmann
Claus Bøgelund Kamp Thorsen

Auditors

KPMG P/S
Statsautoriseret Revisionspartnerselskab

Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 23.03.23 - 31.12.23 for GEA Liquid Technologies A/S.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.23 and of the results of the company's activities for the financial year 23.03.23 - 31.12.23.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

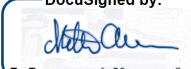
The annual report is submitted for adoption by the general meeting.

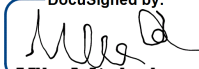
Skanderborg, July 15, 2024

Executive Board

Signed by:

Claus Bøge Lund Kamp
Thorsen
CEO

DocuSigned by:

Mette Albrechtsen

DocuSigned by:

Ulla Madsen

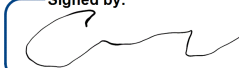
Board of Directors

Signed by:

Morten Uhn Hansen
Chairman

DocuSigned by:

Steffen Ratzmann

Signed by:

Claus Bøge Lund Kamp
Thorsen

To the shareholder of GEA Liquid Technologies A/S**Opinion**

We have audited the financial statements of GEA Liquid Technologies A/S for the financial year 23.03.23 - 31.12.23, which comprise income statement, balance sheet, statement of changes in equity and notes to the financial statements, including significant 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 financial position at 31.12.23 and of the results of the company's operations for the financial year 23.03.23 - 31.12.23 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the management's review

Management is responsible for the management's review.

Our opinion on the financial statements does not cover the management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, it is our responsibility 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 Financial Statements Act.

Independent auditor's report

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 Statements Act. We did not identify any material misstatement of the management's review.

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 judgment and maintain professional scepticism throughout the audit. We also:

- 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.

Independent auditor's report

- 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.

Aarhus, July 15, 2024

KPMG P/S

Statsautoriseret Revisionspartnerselskab
CVR no. 25578198

Signed by:


Katrine Gybel~~Katrine Gybel~~

State Authorized Public Accountant
MNE-no. mne45848

Signed by:


Dennis Valdeck Hansen~~Dennis Valdeck Hansen~~

State Authorized Public Accountant
MNE-no. mne49092

FINANCIAL HIGHLIGHTS**Key figures**

	23.03.23
Figures in DKK '000	31.12.23

Profit/loss

Gross profit	2,590
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Operating loss	-33,476
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Total net financials	520
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Loss for the year	-24,859
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Balance

Total assets	88,928
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Investments in property, plant and equipment	224
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Equity	12,790
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Management's review

Ratios

23.03.23

31.12.23

Profitability

Return on equity -194%

Equity ratio

Solvency ratio 14%

Others

Number of employees (average) 114

Ratios definitions

Return on equity:
$$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$$

Solvency ratio:
$$\frac{\text{Equity, end of year} \times 100}{\text{Total assets}}$$

Primary activities

The core activity of the company has been engineering and supply of industrial processing plants.

Uncertainty concerning recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.

Development in activities and financial affairs

The income statement for the period 23.03.23 - 31.12.23 shows a loss of DKK -24,859,419. The balance sheet shows equity of DKK 12,789,581.

The company was created during 2023, as a result of a carve-out of the Liquid business unit in GEA Process Engineering A/S.

The company has made a loss in the year 2023, which was expected by management, due to the carve-out, however loss was also affected by decrease in level of activity.

As a result of the decrease in activity, the company initiated a restructuring process at the end of 2023, which has resulted in termination of employees.

Outlook

The company expects a profit before tax in the region of DKK -4 - 0 million for the coming year, which exceeds 2023, where performance was affected by carve-out.

Financial 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.

Foreign currency risks

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

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.

External environment

The company affects the environment via processing equipment and plants for industrial use delivered to customers. Thus, minimizing the environmental impact of the company is best achieved through its customers by delivering optimized solutions.

The current strategy named Mission 26 has a Net Zero by 2040 commitment which of course reflects on the GEA Liquid Technologies A/S entity. 2040 is 10 years ahead of the target set by the European Union. Further sustainability targets include that all solutions will be offered with zero freshwater usage by 2030 and 50% of total energy demand is covered by certified energy management systems by 2026.

Research and development activities

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. Capitalized development projects amounted to DKK 0.7 million in 2023.

Subsequent events

No important events have occurred after the end of the financial year.

Income statement

		23.03.23
		31.12.23
Note		DKK
	Gross profit	2,589,769
2	Staff costs	-36,046,564
	Loss before depreciation, amortisation, write-downs and impairment losses	-33,456,795
	Depreciation and impairments losses of property, plant and equipment	-18,719
	Operating loss	-33,475,514
3	Financial income	720,573
4	Financial expenses	-200,582
	Loss before tax	-32,955,523
5	Tax on loss for the year	8,096,104
	Loss for the year	-24,859,419
6	Proposed appropriation account	

Balance sheet

ASSETS		31.12.23
		DKK
Note		
	Development projects in progress	715,135
7	Total intangible assets	715,135
	Plant and machinery	58,285
	Other fixtures and fittings, tools and equipment	83,447
	Property, plant and equipment under construction	63,161
8	Total property, plant and equipment	204,893
	Total non-current assets	920,028
	Raw materials and consumables	1,411,150
	Total inventories	1,411,150
9	Work in progress for third parties	4,102,172
	Trade receivables	21,300,129
	Receivables from group enterprises	51,216,261
	Deferred tax asset	351,090
	Income tax receivable	7,745,014
	Other receivables	484,493
10	Prepayments	806,569
	Total receivables	86,005,728
	Cash	591,209
	Total current assets	88,008,087
	Total assets	88,928,115

Balance sheet**EQUITY AND LIABILITIES**

	31.12.23
	DKK
<hr/>	
EQUITY AND LIABILITIES	
	31.12.23
Note	DKK
<hr/>	
11	400,000
Contributed capital	557,805
Reserve for development costs	11,831,776
Retained earnings	<hr/>
Total equity	12,789,581
<hr/>	
9	7,461,156
Prepayments received from work in progress for third parties	2,632,668
Prepayments received from customers	10,322,973
Trade payables	36,015,934
Payables to group enterprises	19,705,803
Other payables	<hr/>
Total short-term payables	76,138,534
<hr/>	
Total payables	76,138,534
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Total equity and liabilities	88,928,115
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13	Contingent liabilities
14	Related parties

Statement of changes in equity

Figures in DKK	Contributed capital	Reserve for develop- ment costs	Retained earnings	Total equity
Statement of changes in equity for 23.03.23 - 31.12.23				
Capital contributed on establishment	400,000	0	0	400,000
Group contribution	0	0	37,249,000	37,249,000
Other changes in equity	0	557,805	-557,805	0
Net profit/loss for the year	0	0	-24,859,419	-24,859,419
Balance as at 31.12.23	400,000	557,805	11,831,776	12,789,581

1. Special items

Special items are income and expenses that are special due to their size and nature. The following special items were recorded in the financial year:

Special items:	Recognised in the income statement in:	23.03.23 31.12.23 DKK
Leasing, onerous contract	Gross profit	165
Termination of employees	Staff costs	3,845
Total		4,010

2. Staff costs

Wages and salaries	32,754,239
Pensions	561,295
Other staff costs	2,731,030
Total	36,046,564

Average number of employees during the year	114
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Remuneration for the management:

Salaries for the Executive Board	1,630,867
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Total remuneration for the Executive Board	1,630,867
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Remuneration for the Board of Directors	0
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3. Financial income

Interest, group enterprises	660,755
Other financial income	59,818
Total	720,573

4. Financial expenses

Interest, group enterprises	57,957
Other financial expenses	142,625
<hr/>	
Total	200,582
<hr/>	

5. Tax on loss for the year

Current tax for the year	-7,745,014
Adjustment of deferred tax for the year	-351,090
<hr/>	
Total	-8,096,104
<hr/>	

6. Proposed appropriation account

Retained earnings	-24,859,419
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7. Intangible assets

Figures in DKK	Development projects in progress
Additions during the year	715,135
Cost as at 31.12.23	715,135
Carrying amount as at 31.12.23	715,135

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 cost.

8. Property, plant and equipment

Figures in DKK	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment under construction
Additions during the year	65,983	94,468	63,161
Cost as at 31.12.23	65,983	94,468	63,161
Depreciation during the year	-7,698	-11,021	0
Depreciation and impairment losses as at 31.12.23	-7,698	-11,021	0
Carrying amount as at 31.12.23	58,285	83,447	63,161

31.12.23

DKK

9. Work in progress for third parties

Work in progress for third parties	19,586,185
On-account invoicing	-22,945,169

Total work in progress for third parties	-3,358,984
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Work in progress for third parties	4,102,172
Prepayments received from work in progress for third parties, short-term payables	-7,461,156

Total	-3,358,984
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31.12.23

DKK

10. Prepayments

Other prepayments	806,569
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11. Share capital

The share capital consists of:

	Quantity	Total nominal value DKK
Share capital	400,000	400,000

31.12.23
DKK

12. Deferred tax

Deferred tax recognised in the income statement	351,090
<hr/>	
Provisions for deferred tax as at 31.12.23	351,090
<hr/>	

As at 31.12.2023, the company has recognised a deferred tax asset of DKK 351k, which can primarily be attributed to intangible assets. The deferred tax asset is recognised on the basis of expectations of positive operating results for the coming years.

13. Contingent liabilities

Lease commitments

The company has concluded lease agreements with total future lease payments within 1 year of DKK 4,138k and payments between 1 - 5 years of DKK 14,694k.

Guarantee commitments

The company has provided guarantees of DKK 1,387k to 3rd parties.

Other contingent liabilities

The Danish 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, which is the management company of the joint taxation purposes. Moreover, the Danish 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.

14. Related parties

Controlling influence	Basis of influence
GEA Process Engineering A/S, Gladsaxe, Denmark	Legal ownership
GEA Group AG, Germany	Ultimate ownership

Transactions	Relation	23.03.23 31.12.23 DKK
Sale of goods and services	Danish parent	21,009,796
Sale of goods and service	Group enterprises	16,977,355
Other income	Danish parent	1,804,126
Other income	Group enterprises	13,860,667
Purchase of goods and services	Group parent	-9,998
Purchase of goods and services	Danish parent	-32,438,165
Purchase of goods and services	Group enterprises	-17,807,742
Financial income	Group parent	660,755
Financial expenses	Group parent	-57,957

Remuneration for the management is specified in note 2. Staff costs.

Balances	31.12.23 DKK
Receivables from group enterprises	51,216,261
Payables to group enterprises	-36,015,934

The company is included in the consolidated financial statements of the parent GEA Group AG, Germany, which is the smallest and largest group, in which the Company is included as a subsidiary.

15. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for medium-sized enterprises in reporting class C with application of provisions for a higher reporting class.

No comparative figures have been provided as this is the company's first financial year.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

15. Accounting policies - continued -**LEASES**

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

INCOME STATEMENT**Gross profit**

Gross profit comprises revenue, other operating income and raw materials and consumables and other external expenses.

Revenue

Income from the sale of goods is recognized in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Income from construction contracts involving the delivery of highly customized assets are recognized in the income statement as revenue according to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (percentage of completion method) This method is applied when total revenues an 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..

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, and gains on the sale of intangible assets and property, plant and equipment.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

15. Accounting policies - continued -

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation and impairment losses

The depreciation of property, plant and equipment aim at systematic depreciation over the expected useful lives of the assets. Assets are depreciated according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value DKK
Plant and machinery	3 - 15	0
Other plant, fixtures and fittings, tools and equipment	3 - 8	0

The basis of depreciation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

15. Accounting policies - continued -**Tax on profit/loss for the year**

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

BALANCE SHEET**Intangible assets***Development projects in progress*

Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

Development projects in progress are transferred to completed development projects when the asset is ready for use.

Development projects are subsequently measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Gains or losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Property, plant and equipment comprise plant and machinery as well as other fixtures and fittings, tools and equipment.

15. Accounting policies - continued -

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation and impairment losses' section.

Property, plant and equipment under construction

Property, plant and equipment under construction are measured at cost. Costs incurred on property, plant and equipment under construction are transferred to the relevant asset category when the asset is ready for use.

Gains and losses on the disposal of property, plant and equipment

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

15. Accounting policies - continued -**Inventories**

Inventories are measured at cost calculated according to weighted average prices. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Work in progress for third parties

Work in progress for third parties is measured at the selling price of the work performed less on-account invoicing made for each piece of work in progress.

The selling price is measured according to the stage of completion at the balance sheet date and total expected income from each piece of work in progress. The degree of completion for each piece of work in progress is normally calculated as the ratio between the resources spent and the total budgeted resource consumption. For some work in progress where the resource consumption cannot be used as a basis, the ratio between completed subactivities and the combined subactivities for the individual piece of work in progress is used instead.

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

The individual piece of work in progress is recognised under receivables or payables in the balance sheet depending on whether the net value of the selling price less prepayments received is positive or negative.

When it is likely that the total costs of the individual piece of work in progress will exceed total sales income, the total expected loss is recognised as a provision.

15. Accounting policies - continued -**Prepayments**

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank account.

Equity

An amount equivalent to internally generated development costs in the balance sheet is recognised in equity under reserve for development costs. The reserve is measured less deferred tax and reduced by amortisation and impairment losses on the asset. If impairment losses on development costs are subsequently reversed, the reserve will be restored with a corresponding amount. The reserve is dissolved when the development costs are no longer recognized in the balance sheet, and the remaining amount will be transferred to retained earnings.

Grants received from the parent are recognised directly in equity under retained earnings, as the grants are treated as capital contributions.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value

15. Accounting policies - continued -

through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Short-term financial payables are measured at amortised cost, normally corresponding to the nominal value of such payables. Other short-term payables are measured at net realisable value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to the time and date of delivery of the agreed product or completion of the agreed service.

CASH FLOW STATEMENT

Referring to section 86(4) of the Danish Financial Statements Act a cash flow statement has not been prepared as the enterprise is included in the consolidated cash flow statement of GEA Group AG, Germany.