

# **GE Power Denmark A/S**

Park Allé 295

2605 Brøndby

CVR No. 73484510

## **Annual Report 2017**

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 15 June 2018

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Mats Andersson  
Chairman

## Contents

Management's Statement	3
Independent Auditor's Report	4
Company Information	6
Management's Review	7
Key Figures and Financial Ratios	8
Income Statement	9
Balance Sheet	10
Statement of changes in Equity	12
Notes	13

## Management's Statement

Today, Management has considered and adopted the Annual Report of GE Power Denmark A/S for the financial year 1 January 2017 - 31 December 2017.

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 assets, liabilities and financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January 2017 - 31 December 2017.

In our opinion, the 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.

Brøndby, 15 June 2018

### Executive Board

Peder Kastegård  
Man. Director

### Supervisory Board

Mats Andersson  
Chairman

Alex Bollhorn

Martin Boller

## Independent Auditor's Report

### To the shareholders of GE Power Denmark A/S

#### Opinion

We have audited the financial statements of GE Power Denmark A/S for the financial year 1 January 2017 - 31 December 2017, which comprise an income statement, balance sheet and notes. 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 December 2017 and of the results of its operations for the financial year 1 January 2017 - 31 December 2017 in accordance with the Danish Financial Statements Act.

#### Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibility under those standards and requirements are further described in our auditors' report under "Auditors' responsibility for the audit of the financial statements". As required by the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, we are independent of the Company, 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 responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management considers 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 either liquidate the Company or suspend operations, or has no realistic alternative but to do so.

#### The auditor's responsibility for the audit of the financial statements

Our responsibility is to obtain reasonable assurance as to whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is no guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect material misstatements. Misstatements can arise from fraud or error and can be considered material if it would be reasonable to expect that these - either individually or collectively - could influence the economic decisions taken by the users of financial statements on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain an attitude of professional skepticism throughout the audit. We also:

- \* Identify and assess the risk of material misstatements in 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 a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or 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.

## Independent Auditor's Report

- \* Evaluate whether the accounting policies used are appropriate and whether the accounting estimates and the related disclosures made by Management are reasonable.
- \* Conclude on whether Management's use of the going concern basis of accounting in preparing the financial statements is appropriate and, based on the audit evidence obtained, conclude on whether a material uncertainty exists relating to events or conditions, which could 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 auditors' 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 auditors' report. However, future events or conditions may imply that the Company can no longer remain a going concern.
- \* Evaluate the overall presentation, structure and contents of the financial statements, including note disclosures, and whether the financial statements reflect 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 which we identify during our audit.

### Statement on Management's Review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of opinion providing assurance regarding the Management's review.

Our responsibility in connection with our audit of the financial statements 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 with the knowledge we have gained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review meets the disclosure requirements in the Danish Financial Statements Act.

Based on our procedures, we are of the opinion that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements in the Danish Financial Statements Act. In our opinion, the Management's review is not materially misstated.

Copenhagen, 15 June 2018

**KPMG**

**Statsautoriseret Revisionspartnerselskab**

CVR-no. 25578198

Michael Stenskrog

State Authorised Public Accountant

mne26819

## Company details

<b>Company</b>	GE Power Denmark A/S Park Allé 295 2605 Brøndby
Telephone	45 4690 0100
Website	www.ge.com
CVR No.	73484510
Date of formation	20 January 1984
Registered office	Brøndby
Financial year	1 January 2017 - 31 December 2017
<b>Supervisory Board</b>	Mats Andersson, Chairman Alex Bollhorn Martin Boller
<b>Executive Board</b>	Peder Kastegård, Man. Director
<b>Auditors</b>	KPMG Statsautoriseret Revisionspartnerselskab Dampfærgevej 28 2100 København Ø CVR-no.: 25578198
<b>Consolidated Financial Statements</b>	The Company is included in the consolidated financial statements of General Electric Company, 41 Farnsworth Street, Boston, Massachusetts, 02210, USA.

## Management's Review

### The Company's principal activities

The Company's principal activities consist of sale of equipment and provide of services to power plants, the environmental sector and the industrial sector.

### Development in activities and financial matters

The Company's Income Statement of the financial year 1 January 2017 - 31 December 2017 shows a result of DKK 11.378.260 and the Balance Sheet at 31 December 2017 a balance sheet total of DKK 46.266.403 and an equity of DKK 13.289.486. In May 2017, the Company received a capital injection of 55.000.000 DKK from its parent entity.

The result for the financial year is considered to be satisfactory and in line with the expectations. The improvement from 2016 can be explained by the fact that some loss making projects were closed during 2016 and thereby not carried forward into 2017. In addition, the ongoing European reorganization has reduced the Company's costs to better fit the current market environment.

### Uncertainty regarding recognition or measurement

The estimate of expected losses on work in progress recognized under other provisions is subject to uncertainty and the financial outcome may deviate from the expected.

### Post financial year events

After the end of the financial year, no events have occurred which may change the financial position of the entity substantially.

### Expectations for the future

The Company expects its operations to develop positively next year due to the reorganization that has been done and to some extent is still ongoing.

## Key Figures and Financial Ratios

The development in the Company's key figures and financial ratios can be described as follows:

*Numbers appear in thousands DKK*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014/15</u>	<u>2013/14</u>
Gross profit/loss	13.566	-404	-49.732	21.845	26.592
Operating profit/loss	-251	-25.652	-70.958	-4.931	4.284
Net financial income and expenses	253	-126	-210	-204	82
Profit/loss for the year	11.379	-18.717	-83.639	-4.259	2.718
Total equity and liabilities	46.267	42.785	53.431	102.802	99.818
Total equity	13.289	-53.090	-34.373	49.266	59.111
Investment in property, plant and equipment	0	0	0	0	66
Evg. number of employees	11	27	34	30	27
Return on assets (%)	neg	neg	neg	neg	4.3%
Solvency ratio (%)	28,7%	neg	neg	47,9%	59,2%
Return on equity (ROE) (%)	neg	neg	neg	neg	4,4%

For definitions of key ratios, see Accounting Policies.



## Income Statement

	Note	2017 tkr.	2016 tkr.
<b>Gross profit</b>		<b>13.566</b>	<b>-404</b>
Employee benefits expense	2	-13.817	-24.923
Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets recognised in profit or loss		0	-325
<b>Profit from ordinary operating activities</b>		<b>-251</b>	<b>-25.652</b>
Other finance income		283	0
Finance expences		-30	-126
<b>Profit from ordinary activities before tax</b>		<b>2</b>	<b>-25.778</b>
Tax expense on ordinary activities	3	11.377	7.061
<b>Profit</b>		<b>11.379</b>	<b>-18.717</b>
<b>Proposed distribution of results</b>			
Retained earnings		11.379	-18.717
<b>Distribution of profit</b>		<b>11.379</b>	<b>-18.717</b>

## Balance Sheet as of 31 December

	Note	2017 tkr.	2016 tkr.
<b>Assets</b>			
Other long-term receivables		2	54
<b>Investments</b>		<b>2</b>	<b>54</b>
<b>Fixed assets</b>		<b>2</b>	<b>54</b>
Short-term trade receivables		3.818	14.555
Contract work in progress	4	294	12.054
Short-term receivables from group enterprises		21.414	9.011
Short-term tax receivables from group enterprises		18.638	7.061
Other short-term receivables		1.503	18
<b>Receivables</b>		<b>45.667</b>	<b>42.699</b>
<b>Cash and cash equivalents</b>		<b>598</b>	<b>32</b>
<b>Current assets</b>		<b>46.265</b>	<b>42.731</b>
<b>Assets</b>		<b>46.267</b>	<b>42.785</b>

## Balance Sheet as of 31 December

	Note	2017 tkr.	2016 tkr.
<b>Liabilities and equity</b>			
Contributed capital		5.505	5.505
Retained earnings		7.784	-58.595
<b>Equity</b>		<b>13.289</b>	<b>-53.090</b>
Other provisions	5	4.710	11.986
<b>Provisions</b>		<b>4.710</b>	<b>11.986</b>
Prepayments received for work in progress		5.855	0
Trade payables		8.036	6.163
Payables to group enterprises		2.336	62.815
Other payables		12.041	14.911
<b>Short-term liabilities other than provisions</b>		<b>28.268</b>	<b>83.889</b>
<b>Liabilities other than provisions within the business</b>		<b>28.268</b>	<b>83.889</b>
<b>Liabilities and equity</b>		<b>46.267</b>	<b>42.785</b>
Contingent liabilities	6		
Collaterals and assets pledges as security	7		
Ownership	8		
Related parties	9		

## Statement of changes in Equity

	Share capital tkr.	Retained earnings tkr.	Total tkr.
Equity 1 January 2017	5.505	-58.595	-53.090
Profit (loss)	0	11.379	11.379
Contribution from group	0	55.000	55.000
Equity 31 December 2017	<u>5.505</u>	<u>7.784</u>	<u>13.289</u>

The share capital consists of 5 505 shares of a nominal value of DKK 1 000. No shares carry any special rights.

The share capital has remained unchanged for the last 5 years.

## Notes

### 1. Accounting Policies

#### Reporting Class

The Annual Report of GE Power Denmark A/S for 2017 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Company has decided not to include an cash flow statement due to Danish Financial Statements Act §86, 4.

The accounting policies applied remain unchanged from last year.

#### Reporting currency

The Annual Report is presented in Danish kroner.

### General Information

#### Basis of recognition and measurement

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. 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 accrue 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 attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

### Income Statement

#### Revenue

A contract is broken down by individual transactions when the fair value of the individual sales transactions may be reliably measured, and the individual sales transactions are of separate value to the buyer. Sales transactions are deemed to be of a separate value to the buyer when the transaction is individually identifiable and usually sold individually. The contract price is broken down by the individual sales transactions in accordance with the relative current cost approach. The separate sales transactions are recognised as revenue when complying with the criteria applying to the sale of goods and services.

Income from the sale of goods is recognised in the Income Statement from the date of delivery and when the risk has passed to the buyer if it is possible to calculate the income reliably. The revenue is calculated exclusive of VAT, charges and discounts.

## Notes

### Other external expenses

Other external expenses comprise expenses regarding sale and administration.

### Amortisation and impairment of tangible and intangible assets

Amortisation and impairment of intangible and tangible assets has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortised on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	3-10 years	0%
Leasehold improvements	5 years	0%

Profit or loss resulting from the sale of intangible or tangible assets is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the Income Statement under other operating income or expenses.

### Financial income and expenses

Financial income and expenses are recognised in the Income Statement with the amounts that concern the financial year. Financial income and expenses include interest income and expenses, realised and unrealised capital gains and losses regarding securities, debt and foreign currency transactions, dividends received from other equity investments, amortisation of financial assets and liabilities as well as surcharges and allowances under the tax repayment scheme.

### Tax on net profit/loss for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity. The Company and the Danish associates are taxed jointly. The Danish income tax is distributed between profit- and loss-making Danish enterprises in relation to their taxable income (full distribution).

## Balance Sheet

### Tangible assets

Tangible assets are measured at cost plus revaluations, if any, and less accumulated amortisation and impairment losses. Cost comprises the purchase price and costs directly attributable to the purchase until the date when the asset is available for use.

### Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

### Construction contracts

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

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

## Notes

The individual construction contract is recognised in the balance sheet as receivables or payables, respectively. Net assets comprise the total of construction contracts where the selling price of the work performed exceeds progress billings. Net liabilities comprise the total of construction contracts where progress billings exceed the selling price.

Costs arising from sales work and contracting are recognised in the income statement as incurred.

### Accrued income, assets

Accrued income recognised in assets comprises prepaid costs regarding subsequent financial years.

### Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

### Financial liabilities

Fixed-rate loans such as mortgage loans and loans from credit institutions are recognised initially at the proceeds received less transaction expenses incurred. In subsequent periods, loans are measured at amortised cost so that the difference between the proceeds and the nominal value is recognised in the Income Statement as an interest expense over the term of the loan.

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

### Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

### Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

## Explanation of financial ratios

Key figures and financial ratios are determined based on "Recommendations & Financial Ratios" issued by the Danish Society of Financial Analysts.

Return on assets (%)	=	$\frac{\text{Profit before financials X 100}}{\text{Total assets}}$
Solvency ratio (%)	=	$\frac{\text{Equity at year end X 100}}{\text{Total assets at year end}}$
Return on equity (ROE) (%)	=	$\frac{\text{Net profit/loss for the year X 100}}{\text{Average equity}}$

## Notes

**2. Staff expenses**

	<b>2017</b>	<b>2016</b>
Wages and salaries	12.939	22.974
Post-employment benefit expense	913	1.723
Other employee expense	-35	226
	<u><b>13.817</b></u>	<u><b>24.923</b></u>
Average number of employees	<u>11</u>	<u>27</u>

The total remuneration to the Executive Board was 931 TDKK in 2017 (2016: 2.129 TDKK).

**3. Tax on profit/loss of the year**

Deferred tax for the year	<u>11.377</u>	<u>7.061</u>
	<u><b>11.377</b></u>	<u><b>7.061</b></u>

The deferred tax for 2017 are contributions from joint taxation from previous years.

**4. Contract work in progress**

Sales value of work	293	13.933
Progress billings on contracts in progress		<u>-1.879</u>
<b>Net value of contract work</b>	<u><b>293</b></u>	<u><b>12.054</b></u>

**5. Other provisions**

Provision for warranty	4.470	4.135
Accrual for contract loss	240	7.851
<b>Balance at the end of the year</b>	<u><b>4.710</b></u>	<u><b>11.986</b></u>

The Company provides warranties of 1 to 5 years on some of its products and is therefore obliged to repair or replace goods which are not satisfactory. Based on previous experience in respect of the level of repairs and returns, other provisions have been recognised for expected warranty claims. Other provisions comprise expected losses on contract work in progress.

**6. Contingent assets, liabilities and other financial obligations**

Rental agreements and leases

Lease obligations under operation leases, total future lease payments:

2017: 670 whereof 246 is due within one year

2016: 206 whereof 105 is due within one year

The Company is jointly taxed with the other enterprises in the group and are jointly and severally liable for the taxes that concern the joint taxation. The total amount appears from the annual report of AcceptFinans ApS which is the administration company in the joint taxation.



## Notes

### **7. Collaterals and securities**

No securities or mortgages exist at the balance sheet date.

### **8. Related parties and ownership**

Controlling interest: Alstom BC, Ringdijk 390 C, NL-2983 GS Ridderkerk, Holland

Ultimate parent: General Electric Company, 41 Farnsworth Street, Boston, Massachusetts, 02210, USA.

General Electric Company is registered in the state of New York with its corporate office in Boston, Massachusetts - USA, prepares consolidated financial statements for the smallest and largest group, in which GE Power Denmark AS is a subsidiary. The annual accounts of the parent company are available at [www.ge.com](http://www.ge.com).

### **9. Receivables from group enterprises**

Receivables from group enterprises comprise cash lent to cash-pool, which is managed by a Group company.