AVISTA OIL Danmark A/S

Juelsmindevej 6
4400 Kalundborg

CVR no. 10 16 92 91

Annual report 2018

The annual report was presented and approved at the Company's annual general meeting on

28 May 2019

Leon Sloth Skovbo
chairman

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of AVISTA OIL Danmark A/S for the financial year 1 January – 31 December 2018.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Kalundborg, 28 May 2019
Executive Board:

Leon Sloth Skovbo
CEO

Board of Directors:

Detlev Bruhnke Chairman	Marc Verfürth	Benedikt Fuhlrott

Independent auditor's report

To the shareholders of AVISTA OIL Danmark A/S

Opinion

We have audited the financial statements of AVISTA OIL Danmark A/S for the financial year 1 January – 31 December 2018 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Emphasis of matter regarding matters in the financial statements

We draw attention to note 2, "Material uncertainty related to recognition and measurement", where it is described that there is material uncertainty as to the amount of income from insurance claims related to the fire in the Company's oil refinery. Our opinion is not modified in respect of this matter.

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 that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

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

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report

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, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

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

Copenhagen, 28 May 2019
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Joakim Juul Larsen
State Authorised
Public Accountant
mne32803

Management's review

Company details

AVISTA OIL Danmark A/S
Juelsmindevej 6
4400 Kalundborg

CVR no.:	10 16 92 91
Established:	1 March 1986
Financial year:	1 January – 31 December

Board of Directors

Detlev Bruhnke, Chairman
Marc Verfürth
Benedikt Fuhlrott

Executive Board

Leon Sloth Skovbo, CEO

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfaergevej 28
DK-2100 Copenhagen

Management's review

Financial highlights

DKK'000	2018	2017	2016	2015	2014
Key figures					
Gross profit/loss	-48	27,156	-626	25,183	5,754
Ordinary operating profit/loss	-7,056	19,473	-8,691	-43,885	-18,188
Profit/loss for the year	134,244	17,198	-11,844	57,102	-52,286
Total assets	66,568	137,787	130,054	158,771	245,653
Equity	52,579	71,154	53,769	16,727	-15,645
Investment in property, plant and equipment	1,949	10,337	4,761	1,970	7,559
Ratios					
Return on invested capital	17.6%	14.1%	-6.0%	-21.7%	6.6%
Return on equity	217.0%	24.2%	-24.7%	150.2%	-173.2%
Solvency ratio	79.0%	51.6%	41.3%	10.5%	-6.4%
Average number of full-time employees	18	48	49	50	48

With reference to note 7 and the accounting policies, the comparative figures for 2014-2017 has not been updated and hence are not comparable with 2018.

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". The financial ratios have been calculated as follows:

Return on invested capital $\dfrac{\text{Operating profit/loss * 100}}{\text{Average invested capital}}$

Return on equity $\dfrac{\text{Profit/loss from ordinary activities after tax x 100}}{\text{Average equity}}$

Solvency ratio $\dfrac{\text{Equity ex. non-controlling interests at year end x 100}}{\text{Total equity and liabilities at year end}}$

Management's review

Operating review

Principal activities

AVISTA OIL Danmark A/S collects used lubrication oil (ULO) in Denmark by the Company's own collecting organisation. Additional ULO is imported from Scandinavia and abroad too. The ULO is sold to re-refineries within the AVISTA OIL Group as well as 3rd party re-refineries.

AVISTA OIL Danmark A/S also collects oil emulsions and other oil/water wastes. The emulsions are treated at the Horsens facility where water and oil are separated. The water is sufficiently cleaned for discharging into the Horsens public sewer system, whilst the oil is sold as supporting fuel for heavy industrial purposes.

Development in activities and financial position

On 24 July 2017, a large fire at the AVISTA OIL Danmark A/S' base oil re-refinery in Kalundborg destroyed the production facilities. In 2018, the re-refining business was carved out to AVISTA OIL Danmark Refining ApS in a non-cash transaction. The shares in AVISTA OIL Danmark Refining ApS was subsequently distributed to AVISTA OIL AG.

The Company realised a profit of DKK 134.2 million for the financial year 2018 and a positive equity at 31 December 2018 of DKK 52.5 million. The profit is impacted by a gain from the carve-out of the re-refining activities of DKK 72.4 million and income from insurance claims related to the fire in the re-refinery of DKK 69.5 million. The result from continued operations for 2018, which include the waste oil collection business and the operations of the refinery in Horsens, shows a loss of DKK 7.6 million.

Material uncertainty regarding recognition and measurement

Claims regarding the fire in July 2017 have not been settled definitively. The claims, including operating loss and property damage claims are recognised in the annual report with the amounts received during 2017 and 2018 and a receivable of approximately DKK 13 million, which is expected to be received in 2019. The insurance claims are expected to be significantly higher than those received in 2017 and 2018.

Measurement of property, plant and equipment

Management has prepared an impairment test of the carrying amount of property, plant and equipment which shows that there is no need for impairment. The test is based on an expectation of improvement of the Company's future earnings and is therefore associated with uncertainty.

Financial statements 1 January – 31 December

Income statement

DKK	Note	2018	2017
Gross profit/loss	3	-47,650	27,156,027
Distribution costs		-1,021,335	-939,248
Administrative expenses	4	-5,986,770	-6,743,990
Operating profit/loss		-7,055,755	19,472,789
Financial income	5	8,448	1,191,092
Financial expenses	6	-570,051	-3,466,306
Profit/loss before tax		-7,617,358	17,197,575
Tax on profit/loss for the year		0	0
Profit from continuing operations		-7,617,358	17,197,575
Profit from discontinued operations	7	141,861,034	0
Profit for the year	8	134,243,676	17,197,575

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2018	31/12 2017
ASSETS			
Fixed assets			
Intangible assets	9		
Customer relations		2,349,281	0
Software		1,110,073	126,566
		3,459,354	126,566
Property, plant and equipment	10		
Land and buildings		1,584,168	4,633,031
Plant and machinery		13,413,692	32,868,712
Fixtures and fittings, tools and equipment		2,048,448	6,276,824
		17,046,308	43,778,567
Investments	11		
Deposits		175,500	309,000
Total fixed assets		20,681,162	44,214,133
Current assets			
Inventories	12		
Raw materials and consumables		6,188,895	24,547,734
Receivables			
Trade receivables		13,291,165	9,827,816
Receivables from group entities		911,949	709,591
Other receivables		18,020,892	7,489,725
Prepayments	13	321,702	460,814
		32,545,708	18,487,946
Cash at bank and in hand		7,152,240	50,537,391
Total current assets		45,886,843	93,573,071
TOTAL ASSETS		66,568,005	137,787,204

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2018	31/12 2017
EQUITY AND LIABILITIES			
Equity			
Contributed capital	14	500,000	238,136,700
Retained earnings		52,078,975	-166,982,302
Total equity		52,578,975	71,154,398
Provisions	15		
Other provisions		819,500	6,617,662
Total provisions		819,500	6,617,662
Liabilities other than provisions			
Non-current liabilities other than provisions	16		
Lease obligations		223,476	943,873
Payables to group entities		0	25,652,899
		223,476	26,596,772
Current liabilities other than provisions			
Current portion of non-current liabilities		696,200	531,350
Trade payables		10,784,533	7,158,086
Payables to group entities		41,733	18,294,944
Other payables		1,423,588	7,433,992
		12,946,054	33,418,372
Total liabilities other than provisions		13,169,530	60,015,144
TOTAL EQUITY AND LIABILITIES		66,568,005	137,787,204
Contingent assets, contractual obligations, contingencies, etc.	17		
Related party disclosures	18		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK	Contributed capital	Retained earnings	Total
Equity at 1 January 2018	238,136,700	-166,982,301	71,154,399
Capital reduction	-237,636,700	84,817,600	-152,819,100
Transferred over the profit appropriation	0	134,243,676	134,243,676
Equity at 31 December 2018	500,000	52,078,975	52,578,975

Financial statements 1 January – 31 December

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1 Accounting policies

The annual report of AVISTA OIL Danmark A/S for 2018 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of cash flow statement

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

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Carve out of base oil refinery

In 2018, the base oil refinery business was carved out to AVISTA OIL Danmark Refining ApS in a non-cash transaction. The continued operations of the company consists of a waste oil-collection business and the operations of an oil refining in Horsens.

In accordance with the Danish Financial Statements Act, the income statement represents the continued operations. The net results of the discontinued operations (the base oil refinery) including income from insurance claims and transaction costs has been presented in the income statement in the line item "Profit from continued operations".

The comparative figures for 2017 has not been updated and hence are not comparable with 2018.

Business combinations

Divested or wound-up activities are recognised in the income statement up to the date of divestment or winding-up. Comparative figures are not restated to reflect divestments.

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

Financial statements 1 January – 31 December

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1 **Accounting policies (continued)**

Income statement

Gross Profit

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Revenue

Revenue from the sale of goods for resale and finished goods, which comprise base oil, bi-products from the re-refining process and oil products used for fuel in heavy industry processes is recognised in the income statement when delivery and transfer of risk has been made before year end.

Revenue is recognised excluding VAT and net of discounts relating to sales.

Production costs

Production costs comprise costs, including depreciation, amortisation, wages and salaries incurred to generate revenue for the year. Commercial entities recognise their cost of sales, whereas production entities recognise production costs incurred to generate revenue for the year. Such costs include direct and indirect costs for raw materials and consumables, wages and salaries, rent and leases and depreciation of production plant.

Other operating income

Other operating income comprises items secondary to the activities of the entity, including gains on the disposal of intangible assets and property, plant and equipment.

Other operating costs

Other operating costs comprise items secondary to the activities of the entity, including losses on the disposal of intangible assets and property, plant and equipment.

Distribution costs

Distribution costs comprise costs incurred to distribute goods sold during the year.

Administrative expenses

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

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, receivables and payables and transactions denominated in foreign currencies, as well as surcharges and refunds under the on-account tax scheme, etc.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Tax on profit/loss for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Discontinued operations

Profit/loss after tax on discontinued operations and assets and related liabilities for discontinued operations are recognised as a separate line item without restatement of comparative figures. Principal items are specified in the notes.

Balance sheet

Intangible assets

Rights and software is measured at cost less accumulated amortisation and impairment losses. Software is amortised on a straight-line basis over the usefull life, which is assessed at 3 years.

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

Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Property, plant and equipment

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are showed in the table below.

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.
Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Production buildings	15 years
Administration buildings	15-40 years
Plant and machinery	3-20 years
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.

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Leases

On initial recognition, leases for fixed assets that transfer substantially all risks and rewards incident to ownership to the Company (finance leases) are recognised in the balance sheet at the lower of fair value and the net present value of future lease payments. When calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently treated as the Company's other fixed assets.

The capitalised lease obligation is recognised in the balance sheet as a liability at amortised cost, allowing the interest element of the lease payment to be recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations and contingencies, etc.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Impairment of fixed assets

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

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised write-downs are reversed when the basis for the write-down no longer exists.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

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

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Prepayments

Prepayments recognized under assets comprise payments relating to costs in subsequent years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

Equity

Dividends

The expected dividends payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

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

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Provisions

Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at value in use

Provisions with an expected maturity exceeding 1 year from the balance sheet date are discounted at the average bond yield. Re-establishment obligations are recognised at net present value.

Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Finance lease obligation comprises the capitalised residual lease obligation of finance leases.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income comprises advance invoicing regarding income in subsequent years.

Financial statements 1 January – 31 December

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2 Material uncertainty related to recognition and measurement

Claims regarding the fire on 24 July 2017 have not been settled definitively. The claims, including operating loss and property damage claims, are recognised in the annual report with the amounts received during 2017 and 2018 and a receivable of approximately DKK 13 million, which is expected to be received in 2019. The insurance claims are expected to be significantly higher than those received in 2017 and 2018.

3 Special items

Special items comprise significant income and costs of a special nature in relation to the Company's usual income-generating operating activities, including other significant non-recurring costs.

Profit from the year 2017 was affected by a write down of the carrying amount of property, plant and equipment due to a fire in the Company's re-refinery in Kalundborg as well as income from loss of profit insurance and property damage insurance. This matter deviates from Management's assessment of what is part of the Company's operating activities.

Specification of special items, including where they are included in the income statement:

DKK	2018	2017
Gross profit:		
Write down of the carrying amount of property, plant and equipment	0	-50,110,788
Income from loss of profit insurance and property damage insurance	0	80,377,129
Profit from special items, net	0	30,266,341

Special items for 2018 is disclosed in note 7.

4 Staff cost

DKK	2018	2017
Wages and salaries	6,465,115	24,880,929
Pensions	473,000	1,795,085
Other social security costs	119,261	319,160
	7,057,376	26,995,174
Average number of employees	18	48

5 Financial income

DKK	2018	2017
Other financial income	8,448	2,407
Exchange gains	0	1,188,685
	8,448	1,191,092

Financial statements 1 January – 31 December

Notes

6 Financial expenses

DKK	2018	2017
Interest expense to group entities	442,031	1,224,585
Other financial costs	76,693	372,673
Exchange losses	51,327	1,869,048
	570,051	3,466,306

7 Discontinued operations

With accouting effect 1 January 2018, the Company carved out the assets and liabilities of its base oil re-refinery business. Profit after tax of the carved out activity is recognised as a separate line item in the income statement.

DKK	2018
Income from insurance claims	69,509,041
Gain carve-out	72,351,993
Profit/loss for the year before tax from discounted operations	141,861,034

8 Proposed profit appropriation

Retained earnings	134,243,676	17,197,575
	134,243,676	17,197,575

9 Intangible assets

DKK	Customer relations	Software
Cost at 1 January 2018	0	1,522,331
Net effect of demergers and divestment of entities	0	-768,649
Additions for the year	2,349,281	1,110,073
Cost at 31 December 2018	2,349,281	1,863,755
Amortisation and impairment losses at 1 January 2018	0	-1,395,765
Net effect of demergers and divestment of entities	0	642,083
Amortisation for the year	0	0
Amortisation and impairment losses at 31 December 2018	0	-753,682
Carrying amount at 31 December 2018	2,349,281	1,110,073

Financial statements 1 January – 31 December

Notes

10 Property, plant and equipment

DKK	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
Cost at 1 January 2018	11,477,734	228,017,563	7,343,831	6,104,432	252,943,560
Net effect of demergers and divestment of entities	-4,880,703	-146,917,340	-231,880	-6,104,432	-158,134,355
Additions for the year	0	913,127	1,035,774	0	1,948,901
Cost at 31 December 2018	6,597,031	82,013,350	8,147,725	0	96,758,106
Depreciation and impairment losses at 1 January 2018	-6,870,287	-195,459,872	-5,640,833	-1,194,001	-209,164,993
Net effect of demergers and divestment of entities	1,962,911	128,778,356	71,880	1,194,001	132,007,148
Depreciation for the year	-105,487	-1,918,142	-530,324	0	-2,553,953
Depreciation and impairment losses at 31 December 2018	-5,012,863	-68,599,658	-6,099,277	0	-79,711,798
Carrying amount at 31 December 2018	1,584,168	13,413,692	2,048,448	0	17,046,308

11 Investments

DKK	Deposits
Cost at 1 January 2018	309,000
Disposals for the year	-133,500
Cost at 31 December 2018	175,500
Carrying amount at 31 December 2018	175,500

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12 Inventories

DKK	31/12 2018	31/12 2017
Raw materials and consumables	5,005,009	13,893,958
Finished goods and goods for resale	1,183,886	10,653,776
	6,188,895	24,547,734

13 Prepayments

DKK	31/12 2018	31/12 2017
Insurances	160,145	337,178
Prepaid rent	34,500	0
Fees and contributions	127,057	123,636
	321,702	460,814

14 Equity

The share capital consists of 5,000 shares of a nominal value of DKK 100. No shares carry any special rights.

All shares rank equally.

15 Provisions

Other provisions

Environmental obligation	819,500	6,617,662
	819,500	6,617,662

The provisions are expected to mature as follows:

Over 5 years	819,500	6,617,662
	819,500	6,617,662

Other provisions comprise estimated costs for clean-up from the Company's locations

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16 Liabilitites other than provisions

Payments due within 1 year are recognised as current liabilities other than provisions. Other debt is recognised as non-current liabilities other than provisions.

Non-current liabilities other than provision can be specified as follows:

Leasing obligations between 1 and 5 years	223,476	943,873
Leasing obligations within 1 year	696,200	531,350
Payables to group enterprises between 1 and 5 years	41,733	25,652,899
Payables to group enterprises within 1 year	0	11,167,350
	961,409	38,295,472

17 Contingent assets, contractual obligations, contingencies, etc.

Contingent assets

Accounting value of unrecognized deferred tax assets amounts to DKK 37 million.

Contingent liabilities

Security:
The Company has assumed joint and several liabilities to the Group's bank debt which at 31 December 2018 amounts to DKK 85,6 million.

Operating lease obligations

The company has entered into operating leases related to lease of vehicles used in distribution and collection of used oil.

The lease obligations amount to DKK 5,422 thousand as per 31 December 2018 (2017: DKK 16,800 thousand).

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18 Related party disclosures

AVISTA Oil Danmark A/S' related parties comprise the following:

Control

AVISTA OIL AG
Bahnhofstrasse 82
31311 Uetze
Germany

AVISTA OIL AG holds the majority of the contributed capital in the Company

Related party transactions

DKK	2018
Purchases of goods and services from group companies	36,594,454
Sales of good to group companies	25,996,622
Interest expenses to group companies	442,031

Consolidated financial statements

AVISTA OIL Danmark A/S is part of the consolidated financial statements of AVISTA OIL AG, Germany, which is the largest group in which the Company is included as a subsidiary.

The consolidated financial statements of AVISTA OIL AG can be obtained by contacting the Company.