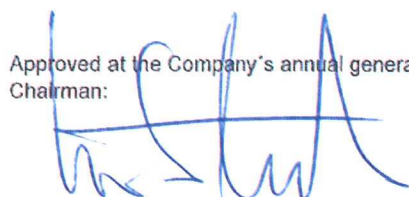


# Air Liquide Danmark A/S

## Annual report 2017

CVR no. 15 03 61 17

Approved at the Company's annual general meeting,  
Chairman:



.....  
Lars Strandberg

Air Liquide Danmark A/S, Høje Taastrup Vej 42, DK-2630 Taastrup

## Contents

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	<u>Page</u>
Information about the company	2
Statement by Management on the annual report	3
Independent auditors' report	4 - 5
Management's review	
- Financial highlights	6
- Management report	7 - 9
Financial statements 1 January - 31 December	
- Accounting policies	10 - 14
- Income statement	15
- Balance sheet	16 - 18
- Notes	19 - 23

## INFORMATION ABOUT THE COMPANY

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### Company

Air Liquide Danmark A/S  
Høje Taastrup vej 42  
2630 Taastrup

Phone 76 25 25 25  
Fax 76 25 25 35  
Homepage [www.airliquide.dk](http://www.airliquide.dk)  
E-mail [info.denmark@airliquide.com](mailto:info.denmark@airliquide.com)

CVR.no. 15 03 61 17  
Established 23 November 1962 under the name  
Hede Nielsen Investment A/S. Name changed  
in 1996 to Hede Nielsen A/S after merger  
with Hede Nielsen A/S (founded 1906).  
Name change in 2003 to the present name.  
Domicile Høje Taastrup  
Accounting year 1 January - 31 December  
(56th accounting year)

### Board

Lars Strandberg (Chairman )  
Jean-Baptiste Ripart  
Guillaume Cottet  
Joanne Deval  
Floris Mackor  
Dorthe Kracht  
Jørn Grøndal Lorenzen

### Executive Board

Elias Margonis  
Martin Heinlin

### Auditor

Ernst & Young P/S  
Osvold Helmuths Vej 4  
Postboks 250  
2000 Fredriksberg

## STATEMENT BY THE MANAGEMENT ON THE ANNUAL REPORT

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Air Liquide Danmark A/S for the financial year 1 January – 31 December 2017.

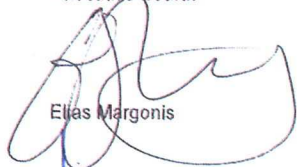
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In our opinion, the financial statements gives a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2017.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position. We recommend that the annual report be approved at the annual general meeting.

Taastrup, 24 April 2018

Executive Board:

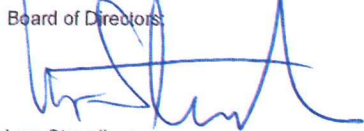


Elias Margonis

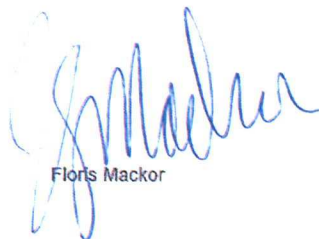


Martin Heinlin

Board of Directors:



Lars Strandberg  
Chairman



Floris Mackor

Jean-Baptiste Ripart



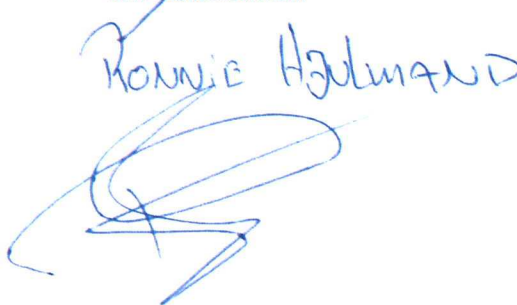
Guillaume Cottet

Joanne Deval



Dorthe Kracht

Jørn Grøndal Lorenzen



RONNIE HOLMGAARD

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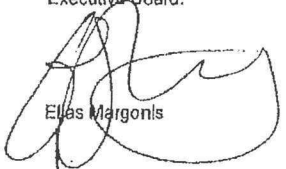
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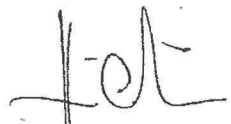
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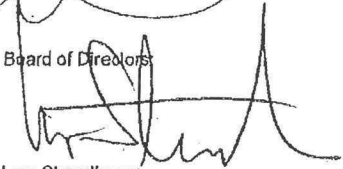
Taastrup, 24 April 2018

Executive Board:

  
Elias Margolis

  
Martin Heinlin

Board of Directors


  
Lars Strandberg  
Chairman

Floris Mackor


  
Jean Baptiste Ripart

  
Guillaume Cottet

Joanne Deval

  
Dorthe Krach

Jørn Grøndal Lorenzen

  
Ronnie Holmgaard

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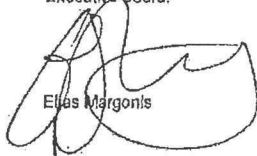
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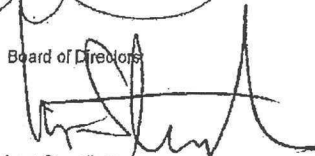


Elias Margonis



Martin Heinlin

Board of Directors



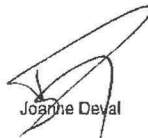
Lars Strandberg  
Chairman

Floris Mackor

Jean-Baptiste Ripart



Guillaume Collet



Joaëlle Deyal



Dorthe Kracht

Jørn Grøndal Lorenzen



RONNIE HJULMAND

## **INDEPENDENT AUDITOR'S REPORT**

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### **Independent auditor's report**

To the shareholders of Air Liquide Danmark A/S

#### **Opinion**

We have audited the financial statements of Air Liquide Danmark A/S for the financial year 1 January – 31 December 2017, which comprise accounting policies, income statement, balance sheet, statement of changes in equity 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 financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2017 in accordance with the Danish Financial Statements Act.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis

#### **Independence**

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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

#### **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 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 the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism 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.
  
- ▷ 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

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• 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 conclusion is 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 note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

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

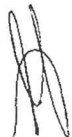
Copenhagen, 24 April 2018  
Ernst & Young  
Godkendt Revisionspartnerselskab  
OVR no. 30 70 02 28



Alex Petersen  
State Authorised  
Public Accountant  
MNE-no.: mne28604



Mads Vinding  
State Authorised  
Public Accountant  
MNE-no.: mne42792





## FINANCIAL HIGHLIGHTS

	2017 mill DKK	2016 mill DKK	2015 mill DKK	2014 mill DKK	2013 mill DKK
<b><u>Profit and loss account:</u></b>					
Net sales	446,5	436,7	449,7	456,4	430,2
Ordinary operating profit	24,5	41,8	48,2	56,2	37,2
Financial items, net	-0,7	-0,9	-0,9	-1,3	-1,7
Net earnings	11,4	36,6	37,2	43,3	31,8
<b><u>Balance sheet:</u></b>					
Total assets	437,4	427,8	392,4	386,1	380,7
Total equity	208,3	196,9	160,3	159,2	135,9
Current year investments in tangible fixed assets	31,7	18,2	44,1	27,3	31,2
<b><u>Employees:</u></b>					
Number of average full-time employees	173	168	175	164	186
<b><u>Ratios in %:</u></b>					
Gross margin	74,6	72,9	73,0	72,2	73,6
Profit margin	5,5	5,9	10,7	12,3	8,7
Return on assets	5,7	6,3	12,4	14,7	9,7
Equity share	47,6	46,0	40,9	41,2	35,7
Return on equity	5,6	20,5	23,3	29,3	25,3

### RATIOS

The ratios in financial highlights are calculated as follows:

Gross margin	$\frac{\text{Gross profit (Revenue - Cost of goods sold)} \times 100}{\text{Net sales}}$
Profit margin	$\frac{\text{Ordinary operating profit} \times 100}{\text{Net sales}}$
Return on assets	$\frac{\text{Ordinary operating profit} \times 100}{\text{Average assets}}$
Equity share	$\frac{\text{Total capital and reserves, end of year} \times 100}{\text{Total liabilities, end of year}}$
Return on equity	$\frac{\text{Net earnings} \times 100}{\text{Average total capital and reserves}}$

## MANAGEMENT REPORT

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### MAIN ACTIVITIES

The main activities of Air Liquide Danmark A/S (the Company) are development, and the production and sales of industrial and medical gases, related equipment and services.

The company is part of the Air Liquide Group, a world wide group within industrial and medical gases.

The parent company of the Group, L'Air Liquide S.A., is quoted on the stock exchange in Paris.

### THE FINANCIAL YEAR

Profit for the year amounted to 11,365 kDKK, a decrease of 69% compared to the result of last year, 36,574 kDKK. The result is considered satisfactory considering the market condition.

Net Sales increased in 2017 by 2.1% to 446,534 kDKK.

Gross margin increased by 0.4% to 157,051 tkr. due to increased sales.

At the end of 2017 the property in Horsens, Vejlevej 13, was transferred through a non-cash contribution to a newly established subsidiary, Vejlevej 13 ApS. For accounting purposes no gain/loss have been recognised. For the tax purposes the transaction is considered taxable and a gain on the property has been included in the calculation of taxable income for 2017.

The property has been sold in 2018.

Compared to the latest announced expectations in the financial statements for 2016, increase in activity was achieved as expected. This was due to decrease price pressure.

operating profit decreased by 41.3% to 24,518 kDKK. This was caused by increased staff and depreciation costs

Financial costs stayed on the same level as last year.

### EXPECTED DEVELOPMENT

We expect to see an increased level of activity during 2018 in line with the expected increase of industrial production of 1.7%. Sales is expected to increase by 1.3%, out of which 1,4% is volume growth, slightly offset by price pressure due to fierce competition. The increased sales in combination with continued efficiency savings will increase the net result

### RESEARCH AND DEVELOPMENT

Research and development activities mainly take place at group level in R&D centers in Germany and France.

### IMPACT ON THE ENVIRONMENT

The activities of the company does not have any significant negative impact on the environment.

### SUBSEQUENT EVENTS

We have in the beginning of year 2018 sold our property in Ballerup

No further events have occurred that could be considered to have a material influence on the financial position of the company.



## MANAGEMENT REPORT - CONTINUED

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### Corporate Social Responsibility (CSR)

Air Liquide Danmark A/S is a subsidiary of the Air Liquide Group, quoted on the French stock exchange. The Company is therefore covered by the same policies that apply for all other subsidiaries. These policies are included in a document referred to as the "Bluebook" which describes the general principles, rules and processes that the Group is governed by in the same responsible way throughout the world.

The Company has issued 2 local documents that describe its CSR-policies:

- 1) **Fundamental Principles** - a compilation of the Air Liquide Group's fundamental values
- 2) **Code of Conduct** - a general set of rules- referring to applicable policies- for the Danish company, defining how the visions, objectives and attitudes included in the Fundamental Principles, are best adhered to. The Code of Conduct is the basis for the Danish management system as well as the Company's development in questions of safety, environment and human resources.

Both of these documents are accessible to employees via the Company's internet, and are known to all employees. The Company follows the highest standards in its work, especially regarding the respect of human rights and working rights as well as the protection of the environment. Furthermore, all laws and regulations, in particular Air Liquide Group rules are complied with, and corruption is dealt with severely.

### Employees

The Company offers its employees a safe work place, with respect for the individual whilst dealing with any form of discrimination. Salaries are competitive and are set in relationship to results. The Company promotes a culture of diversity, openness and transparency.

The Company carries out regular employee surveys, where employees can express their level of satisfaction with their work place. The results of these surveys are followed by the management, and initiatives are set in motion to deal with any weak points.

Besides the yearly performance appraisal review discussions we have also conducted personal interviews with a fifth of all employees letting them express their wishes for their future development. In 2017, personal interviews were thus conducted with one fifth of all employees.

### Environment

Air Liquide Denmark A/S has decided to focus their policies within climate and environment on climate, as Air Liquide Denmark has evaluated, that this is the area on which the company's operations has the largest impact.

The Company strives as far as possible to protect natural resources and works towards sustainable development both within the Company and with its customers.

The Company respects environmental demands coming from the law, regulations and international agreements. The use of energy and other limited resources on Company owned installations is being limited via technical developments. Eventual emissions and refuse must be controlled and handled in accordance with applicable rules.

All employees have a responsibility to support the Company's environmental commitment by following applicable rules, routines and best practices. It is the individual employee's responsibility to inform his or her line manager of any situation where the relevant rules and routines are not being complied with or where there may be any form of environmental risk.

Systems have been installed on the Company's Air Separation Units (ASU's) to keep the use of electricity down to a minimum. Processes are gone through each year with external experts to find additional methods to bring down electricity consumption. These system optimisations resulted in improved efficiency in 2017 at our ASU's, such that consumption has fallen.

The Company has also invested in solutions for producing sustainably generated hydrogen as a fuel in the transport sector.

During the year 2017 the Company has primarily focused efforts on decrease of energy consumption and CO2 emissions. As one of the initiatives the Company has reduced 33% of our dieseltrucks which led to reduction of 33% CO2 emission.

## **MANAGEMENT REPORT (Continued)**

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### **Anti corruption**

Employees within Air Liquide may not- either directly or indirectly- offer, promise, request, demand or accept bribes or any other inappropriate advantages or gifts in order to obtain a favourable position for the Company or for his or her own personal situation, or in order to influence the result of a negotiation. If there is the slightest doubt about these questions, the employee should consult his or her line manager.

All managers go through an annual training on how to avoid breaching these principles.

81% of the employee had gone through the Anti-Bribery E-learning during 2017 our target is 100%

### **Gender representation in the management**

The organisation must treat employees equally and employees must therefore be offered equal opportunities to pursue their career, independent of their origine, sexual orientation, gender, age, belief, handicap or any other characteristic which is protected by law.

The board has set an objective for the under-represented gender (women) to be 40%, meaning 2 out of 5 Company appointed board members must be women. It is expected to reach this goal by 2018.

Today 25 % of the members are women which is not in line with the Company's aims.

A suitable candidate had not been identified which made the objective not reached.

Therefore efforts are made to find appropriate candidates.

This is not in line with the Company's aims and efforts are being made to find appropriate candidates.

There is a policy to have 24% other management levels filled by the under represented gender (women) by 2017.

The following concrete initiatives have been put in place to increase the proportion of female managers:

Diversity programs and recruitment policies

At present we have increased the ratio of women managers from 11% in 2015 to 17 % in 2016 and 23 % in 2017, an increase of 35%. As such, although we have yet to achieve our 2017 objective, we retain the 24% objective with the help of the initiatives mentioned above

## ACCOUNTING POLICIES

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The annual report has been presented in accordance with the provisions of the Danish Financial Statements Act applying to large reporting class C entities.

Accounting policies are the same as last year

### Group Financial Statements

The annual accounts for Air Liquide Danmark A/S and affiliated undertakings are included in the consolidated accounts for L'Air Liquide S.A., Paris

In accordance with The Danish Company Accounts Act section 112, subsection 1, consolidated accounts have not been prepared. The annual accounts for Air Liquide Danmark A/S and affiliated undertakings are included in the consolidated accounts for L'Air Liquide S.A., Paris

### Cash flow

In accordance with section 86, subsection 4, of the Danish Financial Statements Act no cash-flow statement has been prepared, whereas this is included in a cash flow statement for L'Air Liquide S.A.

### Auditors fee

Referring to the Danish Financial Statement Act section 96, subsection 3, information on fees to auditors decided on general meeting has been omitted. Reference is made to the consolidated financial statement of L'Air Liquide S.A.

### 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 rate at the transaction date and the rate at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at closing rates. 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.

### Derivative financial instruments

On initial recognition, derivative financial instruments are recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with fair value adjustment of the hedged asset or liability.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised in other receivables or other payables and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously recognised in equity must be transferred to the income statement in the period in which the hedged item affects the income statement.

Fair value adjustments of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement on a current basis.

## **ACCOUNTING POLICIES (continued)**

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### **INCOME STATEMENT**

#### **Revenue**

On the conclusion of sales contracts which consist of several, separate sales transactions, the contract price is split up into the individual sales transactions based on the relative fair value approach. The separate sales transactions are recognised as revenue when the criteria for sale of goods and services are met.

A contract is split up into individual transactions when the fair value of each individual sales transaction can be calculated reliably and when each individual sales transaction has a separate value for the purchaser. Sales transactions are deemed to have a separate value for the purchaser when the transaction is individually identifiable and is usually sold separately.

Revenue is measured at fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

#### ***Revenue from the sale of goods***

Income from the sale of goods for resale and finished goods, gas and related equipment, is recognised in revenue when the most significant rewards and risks have been passed on to the buyer and provided the income can be measured reliably and payment is expected to be received. The date at which the most significant rewards and risks are passed on is based on standardised terms of delivery based on Incoterms® 2010.

Income from the sale of goods where installation is a prerequisite for considering major risks to have been transferred to the purchaser is recognised in revenue when the installation is complete.

#### ***Revenue from the sale of services***

Income from the sale of services, which include service contracts, is recognised in revenue on a straight-line basis as the services are rendered, as the services are provided in the form of an indefinite number of actions over a specified period of time.

#### **Cost of goods sold**

Cost of goods sold are indirectly and directly costs for raw material and assisting materials

#### **Other external costs**

Other external costs includes costs for distribution, sales, marketing, facilities and lost on debtors

#### **Personnel cost**

Personnel cost includes, salaries, vacation debt and other social security costs for the personnel in the company.

## ACCOUNTING POLICIES (continued)

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### Depreciation

Depreciation is computed on a straight line basis and is based on the expected financial useful lifetime of the assets and in accordance with the following rules:

Buildings	20 years	(5% p.a.)
Technical plant and machinery	30 years	(3.3% p.a.)
- Production plants	40 years	(2.5% p.a.)
Cylinders	20 - 40 years	(5 - 2.5% p.a.)
Equipment	5 - 10 years	(20 - 10% p.a.)
Acquired Software	12.9 years	(7.75% p.a.)
Completed development projects	5 years	(20% p.a.)

The basis of depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the amortisation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

### Financial items

Financial income and expenses comprise Interest Income and expenses, gains and losses on securities, payables and transactions denominated in foreign currencies, as well as surcharges and refunds under the on-account tax scheme, etc.

### Tax on current year result

Tax for the year comprises current tax for the year and changes in deferred tax. 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.

### Acquired Software

On initial recognition, intangible assets are measured at cost.

Development costs comprise expenses, salaries and amortisation charges directly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and where the technical feasibility, sufficient resources and a potential future market or development potential 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

## **ACCOUNTING POLICIES (continued)**

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sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 5 years.

Acquired software are measured at cost less accumulated amortisation and impairment losses. Acquired software are amortised on a straight-line basis.

### **Property, plant and equipment**

Tangible fixed assets includes land and buildings, leasehold improvements, technical plant and machinery, equipment and cylinders. Tangible fixed assets are valued at cost less accumulated depreciation.

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, and wages and salaries as well as borrowing costs relating to specific and general borrowing directly attributable to the construction of the individual asset.

Repair and maintenance costs are recognized as expenses when incurred. The costs of major inspections and overhauls (for example cylinder testing) are recognized as a separate component of the asset and are depreciated over the period between two major overhauls.

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.

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

### **Investments in subsidiaries**

Investments in subsidiaries are recognized in equity method.

Investments in subsidiaries are recognized and measured at their proportionate share of net asset value under the equity method, the value being determined on the basis of the accounting policies of the Company less unrealised intra-group profits and losses. To the extent the carrying amount exceeds the acquisition value, the net revaluation of investments in subsidiaries is transferred to the net revaluation reserve under the equity method.

### **Other investments**

Other investments, recognized under "Financial assets", comprise of unlisted shares measured at costs.

### **Inventories**

Raw materials and finished goods are measured in accordance with FIFO method.

Work in progress and finished goods manufactured by the company are valued at cost price, direct wages and production overheads. Obsolete products are written down.

### **Receivables**

Receivables are measured at amortised cost, which is normally equal to the nominal value.

An impairment loss is recognised if there is objective evidence that a receivable is impaired.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the net present value of the expected cash flows, including the realisable value of any collateral received.

### **Prepayments and accrued income**

Prepayments comprise expenses incurred concerning subsequent financial years.

### **Equity**

Dividends expected to be paid for the year is shown as a separate entry in the equity specification. Proposed Dividend is included as an obligation at the time when it is approved by the General Assembly.



## ACCOUNTING POLICIES (continued)

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### **Reserve for development costs**

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or if they are no more part of the Company's operations by a transfer directly to distributable reserves under equity.

### **Dividend**

Dividend proposed for the year is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the financial year is presented as a separate line item under "Equity".

### **Income tax and deferred tax**

The tax corresponding to the result of the year plus adjustments for earlier years are expensed in the profit and loss account.

Provisions for deferred tax correspond to 25% of the difference between accounting value and tax value of tangible fixed assets, current assets and provisions.

Payment of tax on account is deducted in taxes payable at year-end.

Deferred tax assets are included at the value which they are expected to be utilized at, either through deduction in future income or offset in deferred tax payable.

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on prior-year taxable income and 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 base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes or on office premises and other items where temporary differences arise at the date of acquisition without affecting neither the profit/loss for the year nor the taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carry-forwards, are recognised at the expected value of their utilisation; 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 and jurisdiction. Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

### **Provisions**

Provisions comprise anticipated costs related to decommissioning cost, warranty commitments, restructuring, etc. 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 an outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at net realisable value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.

### **Liabilities**

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.


Other liabilities are measured at net realisable value.

## INCOME STATEMENT

	Note	2017 1.000 DKK	2016 1.000 DKK
REVENUE	1	446 534	436 715
Costs of goods sold		113 807	118 281
Other operating income	2	389	15 813
Other external costs		<u>176 065</u>	<u>177 784</u>
GROSS MARGIN		157 051	156 462
Staff costs	3	97 139	89 132
Depreciation, amortization and impairment	4 & 5	<u>35 394</u>	<u>25 550</u>
OPERATING PROFIT		24 518	41 780
Result of shares in subsidiaries	6	-389	0
Financial Income	7	107	124
Financial expenses	8	<u>771</u>	<u>979</u>
PROFIT BEFORE TAX		23 465	40 925
Tax on current year result	9	12 100	4 351
PROFIT FOR THE YEAR		<u>11 365</u>	<u>36 574</u>

## BALANCE SHEET

ASSETS	Note	2017	2016
		1.000 DKK	1.000 DKK
INTANGIBLE ASSETS	4		
Software		4 784	6 512
Completed development projects		20 092	243
Development projects in progress		0	23 477
		<u>24 876</u>	<u>30 232</u>
PROPERTY, PLANT AND EQUIPMENT	5		
Land and buildings		17 149	29 162
Technical plant and machinery		134 595	136 391
Equipment		6 877	9 026
Cylinders		60 269	51 565
Assets under construction		14 156	15 163
		<u>233 047</u>	<u>241 308</u>
FINANCIAL ASSETS			
Investment in subsidiaries	6	10 566	0
Other investments		25	25
TOTAL ASSETS		<u>268 514</u>	<u>271 565</u>
NON-FIXED ASSETS			
Inventories		<u>23 601</u>	<u>19 588</u>
RECEIVABLES			
Trade receivables		68 228	85 868
Receivables from affiliated companies		67 628	14 259
Work in progress	10	0	220
Other receivables	11	328	27 624
Prepayments	12	5 088	5 144
		<u>141 272</u>	<u>133 114</u>
CASH		<u>4 007</u>	<u>3 487</u>
TOTAL NON - FIXED ASSETS		<u>168 880</u>	<u>166 189</u>
TOTAL ASSETS		<u>437 394</u>	<u>427 753</u>



16

## BALANCE SHEET

EQUITY AND LIABILITIES	Note	2017 1.000 DKK	2016 1.000 DKK
<b>EQUITY</b>			
Share capital	13	44 000	44 000
Reserve for development costs		8 203	8 325
Revaluation reserve		56 888	56 888
Retained earnings		55 149	87 676
Dividend proposed for the financial year		44 014	-
<b>TOTAL EQUITY</b>		<b>208 254</b>	<b>196 889</b>
<b>PROVISIONS</b>			
Deferred tax	14	35 008	34 981
Other provisions	15	404	331
<b>TOTAL PROVISIONS</b>		<b>35 413</b>	<b>35 312</b>
<b>NON - CURRENT LIABILITIES OTHER THAN PROVISIONS</b>			
Prepayment from customers		5 269	7 319
Payables to affiliated companies	16	56 000	63 000
		61 269	70 319
<b>CURRENT LIABILITIES OTHER THAN PROVISIONS</b>			
Current portion of payables to affiliated companies	16	7 000	7 000
Prepayment from customers		18 458	17 636
Trade creditors		69 158	54 958
Payables to affiliated companies		14 263	15 270
Income taxes	9	7 523	2 944
Other payables		16 056	27 424
		132 459	125 232
<b>TOTAL LIABILITIES OTHER THAN PROVISIONS</b>		<b>193 728</b>	<b>195 552</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>437 394</b>	<b>427 753</b>
<b>CONTINGENT LIABILITIES</b>			
	17		
<b>RELATED PARTIES</b>			
	18		
<b>APPROPRIATIONS OF PROFIT/LOSS</b>			
	19		
<b>HEDGES</b>			
	20		

## STATEMENT OF CHANGES IN EQUITY

Movements in the equity can be specified as follows:

2016	Share capital	Reserve for development cost	Revaluation reserve	Retained earnings	Dividend for the financial year	Total
	kDKK	kDKK	kDKK	kDKK	kDKK	kDKK
Capital and reserves 1 January	44 000	-	56 888	59 427	-	160 315
Appropriation of profit	-	8 325	-	28 249	-	36 574
Capital and reserves 31 December	44 000	8 325	56 888	87 676	-	196 889

2017	Share capital	Reserve for development cost	Revaluation reserve	Retained earnings	Dividend for the financial year	Total
	kDKK	kDKK	kDKK	kDKK	kDKK	kDKK
Capital and reserves 1 January	44 000	8 325	56 888	87 676	-	196 889
Appropriation of profit of note 19	-	-122	-	11 487	-	11 365
Dividend for the financial year	-	-	-	-44 014	44 014	-
Capital and reserves 31 December	44 000	8 203	56 888	55 149	44 014	208 254

## NOTES

### 1. REVENUE

The company sells industrial and medical gases and related equipment and services.

In accordance with the Danish Financial Statements Act section 96, subsection 1, the company has elected not to show any segmentation of the Net Sales.

### 2. OTHER OPERATING INCOME

Other operating income in 2017 relates mainly to investment in subsidiaries

Other operating income in 2016 relates mainly to the sale of land and buildings in Taastrup Denmark.

### 3. STAFF COSTS

	<u>2017</u>	<u>2016</u>
Wages and salaries, employees	84 960	78 549
Social security and other staff costs	1 121	1 239
Pension, company share	7 468	6 650
Salaries to the Executive Board	3 590	2 694
	<u>97 139</u>	<u>89 132</u>

The Executive Board has an incentive bonus scheme based on the result. There is a provision covering the amount.

Number of average full-time employees	173	168
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### 4. INTANGIBLE ASSETS (1.000 DKK)

	Completed Acquired development software projects	Development projects in progress	
Cost at 1 January	50 505	649	26 526
Adjustment to 1 January	-	118	-
Additions	-	2 381	-
Transfer	-	26 526	-26 526
Cost at 31 December	<u>50 505</u>	<u>29 675</u>	<u>0</u>
Amortization and impairment 1 January	43 993	406	3 048
Transfer	-	3 048	-3 048
Amortization and impairment for the year	<u>1 727</u>	<u>6 130</u>	<u>-</u>
Amortization and Impairment 31 December	<u>45 721</u>	<u>9 583</u>	<u>0</u>
Net book value	<u>4 784</u>	<u>20 092</u>	<u>0</u>

Development projects to be included in special reserve under equity "Reverse for development costs":

Beginning 2017	8 325
Additions	2 381
Reduction of reserve due to amortization and impairment in 2017	<u>-2 504</u>
Reserve for development costs, 2017	8 203

## NOTES (continued)

### 5. TANGIBLE FIXED ASSETS (1.000 dkk)

	Land and buildings	Plant and machinery	Equipment	Cylinders	Assets under construction
Cost per 1 January	103 375	503 731	61 987	249 437	15 163
Adjustment to 1 January	-	-	-	-	-118
Additions	-	9 671	815	10 313	10 950
Transfer	43	4 726	-	7 070	-11 839
Disposals	48 542	2 165	-	5 267	-
Cost 31 December	54 876	515 964	62 802	261 552	14 156
Revaluations in previous years	13 277	49 373	10 284	-	-
Depreciation 1 January	87 490	416 714	63 245	197 871	-
Depreciation on disposals	38 107	2 034	-	3 479	-
Depreciation for the year	1 621	16 061	2 964	6 891	-
Depreciation 31 December	51 004	430 743	66 209	201 283	0
Net book value	17 149	134 595	6 877	60 269	14 156

## NOTES (continued)

### 6. INVESTMENTS IN SUBSIDIARIES

	<u>Investments</u>
Asset per 1 January	0
Additions	10 955
Cost 31 December	<u>10 955</u>
Value adjustment per 1 January	0
Result of shares in subsidiaries	-389
Value adjustment per 31 December	<u>-389</u>
Net book value	<u>10 566</u>

<u>Name and belonging</u>	<u>Vote and ownership</u>
Vejlevej 13, Horsens Aps, Høje Taastrup, Denmark	100%

All subsidiaries are independent entities

### 7. FINANCIAL INCOME

Financial income includes 28 kDKK (2016: 4 kDKK) related to loan to affiliated companies.

### 8. FINANCIAL EXPENSE

Financial expenses includes 522 kDKK (2016: 867 kDKK) related to loans from affiliated companies.

### 9. TAX

The tax amount expensed in the profit and loss account results from the following:

	<u>2017</u>	<u>2016</u>
	1.000 DKK	1.000 DKK
Tax calculated on taxable income	13 108	5 124
Tax regarding previous year	-1 035	-
Change of deferred tax for the year	<u>27</u>	<u>-774</u>
Tax	<u>12 100</u>	<u>4 351</u>
Tax paid on account during the year	<u>2 852</u>	<u>2 180</u>

### 10. WORK IN PROGRESS

Sales value of work	<u>0</u>	<u>220</u>
	0	220
Therefore in calculated:		
Work in progress (Assets)	<u>0</u>	<u>220</u>
	0	220

### 11. OTHER RECEIVABLES (1.000 DKK)

0 DKK are due for payment after 31 December 2018  
Other receivables mainly relates to the sale of land and buildings in 2016.



## NOTES (continued)

12. PREPAYMENTS	1.000 DKK	1.000 DKK
Other prepayments	5 088	5 144
	<u>5 088</u>	<u>5 144</u>
Prepayments includes mainly rents and insurance.		
13. SHARE CAPITAL		
The share capital, par value 44 mio. DKK, consists of:		
1 A-share of 300.000 DKK	300	
1 A-share of 1.700.000 DKK	1 700	
1 B-share of 6.626.000 DKK	6 626	
1 B-share of 23.374.000 DKK	23 374	
1 C-share of 12.000.000 DKK	12 000	
	<u>44 000</u>	
The Company's Share Capital has been unchanged in the last five years		
14. DEFERRED TAX	2017	2016
	1.000 DKK	1.000 DKK
Deferred tax 1 January	34 981	35 755
Adjustment of deferred tax according to note 3	27	-774
Deferred tax 31 December	<u>35 008</u>	<u>34 981</u>
Deferred tax relates to:		
<i>Buildings</i>	-344	-649
<i>Machinery, equipment etc.</i>	17 379	18 363
<i>Cylinders</i>	13 259	11 344
<i>Acquired software</i>	5 473	6 651
<i>Debtors</i>	-759	-649
<i>Michellaneous</i>	-	-80
	<u>35 008</u>	<u>34 981</u>
15. OTHER PROVISIONS		
Provision for the dismantling of plant and machinery	404	331
	<u>404</u>	<u>331</u>
16. PAYABLES TO AFFILIATED COMPANIES		
0-1 Year	7 000	7 000
1-5 Years	28 000	28 000
>5 Years	28 000	35 000
	<u>63 000</u>	<u>70 000</u>

## NOTES (continued)

### 17. CONTINGENT LIABILITIES

Guarantees of kDKK 12.476 have been issued.

Rental and leasing commitments on land and buildings are kDKK 13.871 and will fall due after 31 December 2017

Leasing commitments of vehicles amount to kDKK 8.300

Commitments related to production amount to kDKK 15 605, all of which falls due between 2018-2019.

### 18. RELATED PARTIES

Each of the following shareholders holds more than 5% of the voting rights of the shares or 5% of the total share capital:

Air Liquide International S.A.  
75, Quai d'Orsay  
F-75321 Paris Cedex 7  
Frankrig

Air Liquide International Corporation  
1114 Avenue of the Americas  
New York, NY 10036  
USA

Related parties comprise the Company's shareholders, Board of Directors, Executive Board, employees and subsidiaries of the ultimate parent company L'Air Liquide S.A., Paris

Air Liquide Danmark A/S is included in the consolidated financial statements of the ultimate parent company, L'Air Liquide S.A., Paris. The consolidated financial statements of the ultimate parent company can be obtained at <https://www.airliquide.com/investors/documents-presentations>

Transactions with related parties relates mainly of purchase and sale of gas and cylinders including short term financing from the parent company. Transactions with related parties have been performed within the arm's length principle.

	2017	2016
	1.000 DKK	1.000 DKK
19. APPROPRIATION OF PROFIT /LOSS		
Dividen proposed for the year	44 014	-
Transferred to reserves and equity	-32 649	36 574
	<u>11 365</u>	<u>36 574</u>

### 20. HEDGES

The Company uses forward exchange contracts to hedge expected currency risks, mainly related to purchase of goods in the coming year. Forward exchange contracts has been made for currency exposures in EUR, SEK and DKK with a future contractual value of DKK 102,042 thousand at 31 December 2017.

Further, the variable price for electricity used for production is hedged.