

Kosan Gas A/S

Hasselager Centervej 19-21, 8260 Viby J

CVR no. 17 99 09 77

Annual report

for the year 1 October 2016 - 30 September 2017

Approved at the Company's annual general meeting on 13 March 2018

Chairman:



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Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements 1 October 2016 - 30 September 2017	8
Income statement	8
Balance sheet	9
Statement of changes in equity	11
Notes to the financial statements	12

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Kosan Gas A/S for the financial year 1 October 2016 - 30 September 2017.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 September 2017 and of the results of the Company's operations for the financial year 1 October 2016 - 30 September 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.

Aarhus, 13 March 2018
Executive Board:



Per Sommer Offersen

Board of Directors:

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Roger Perreault
Chairman

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Neil Murphy



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Per Sommer Offersen

Statement by the Board of Directors and the Executive Board

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 September 2017 and of the results of the Company's operations for the financial year 1 October 2016 - 30 September 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.

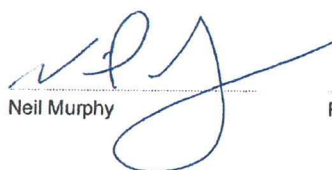
We recommend that the annual report be approved at the annual general meeting.

Aarhus, 13 March 2018
Executive Board:

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Per Sommer Offersen

Board of Directors:


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Roger Perreault
Chairman


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Neil Murphy

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Per Sommer Offersen

Independent auditor's report

To the shareholders of Kosan Gas A/S

Opinion

We have audited the financial statements of Kosan Gas A/S for the financial year 1 October 2016 - 30 September 2017, which comprise 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 financial position of the Company at 30 September 2017 and of the results of the Company's operations for the financial year 1 October 2016 - 30 September 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 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group 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.

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 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 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 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 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

- ▶ 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 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.

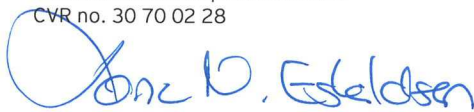
Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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 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 Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 13 March 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Lone Nørgaard Eskildsen
State Authorised Public Accountant

Management's review

Company details

Name	Kosan Gas A/S
Address, Postal code, City	Hasselager Centervej 19-21, 8260 Viby J
CVR no.	17 99 09 77
Established	25 June 1945
Registered office	Aarhus
Financial year	1 October 2016 - 30 September 2017
Website	www.kosangas.dk
Telephone	+45 89 48 77 00
Board of Directors	Roger Perreault, Chairman Neil Murphy Per Sommer Offersen
Executive Board	Per Sommer Offersen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark
Bankers	Danske Bank
Lawyer	Kromann & Reumert Rådhuspladsen 3, 8000 Aarhus C

Management's review

Financial highlights

DKK'000	2016/17	2015/16	2014/15	2013/14	2012/13
Key figures					
Revenue	295,692	284,177	289,956	321,447	326,085
Operating profit/loss	26,767	38,681	39,484	26,657	24,908
Net financials	237	-595	-478	-4,594	-5,222
Profit/loss for the year	21,039	29,089	30,516	17,832	16,173
Balance sheet					
Total assets	331,833	325,889	301,683	330,632	344,147
Investment in property, plant and equipment	33,891	27,698	29,189	26,493	23,691
Equity	223,476	202,437	170,563	142,832	125,000
Financial ratios					
Operating margin	9.1%	13.6%	13.6%	8.3 %	7.6 %
Return on assets	8.1%	12.3%	12.5%	7.9%	7.4%
Solvency ratio	67.3%	62.1%	56.5%	43.2%	36.3%
Return on equity	9.9%	15.6%	19.5%	13.3%	13.4%
Average number of employees					
	57	55	54	56	57

Financial ratios are calculated in accordance with the Danish Finance Society's recommendations on the calculation of financial ratios. For terms and definitions, please see the accounting policies.

Management's review

Business review

Kosan Gas A/S purchases and sells gas and gas consuming equipment in Denmark.

Financial review

In 2016/17, the Company's revenue amounted to DKK 295,692 thousand against DKK 284,177 thousand last year. The income statement for 2016/17 shows a profit of DKK 21,039 thousand against a profit of DKK 29,089 thousand last year, and the balance sheet at 30 September 2017 shows equity of DKK 223,476 thousand.

In the annual report for 2015/16, Management expressed expectations as to a profit for 2016/17 in line with 2015/16. The profit for the year did not meet the expectations, increased cost prices and strengthened competition being the main drivers behind this.

Management considers the Company's financial performance in the year to be less satisfactory.

Impact on the external environment

The Company places much focus on safety and the environment and has a well-established system to safeguard and manage all issues in relation to these areas. Each year, considerable resources are spent in this respect.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Outlook

For 2017/18, Management expects a profit in the range between DKK 21,000 thousand and DKK 25,000 thousand.

Financial statements 1 October 2016 - 30 September 2017

Income statement

Note	DKK'000	2016/17	2015/16
2	Revenue	295,692	284,177
14.3	Production costs	-155,206	-137,883
	Gross margin	140,486	146,294
	Distribution costs	-44,436	-43,336
14.3	Administrative expenses	-69,283	-64,277
	Operating profit	26,767	38,681
	Other operating income	133	64
	Other operating expenses	-128	-788
	Profit before net financials	26,772	37,957
4	Financial income	377	201
5	Financial expenses	-140	-796
	Profit before tax	27,009	37,362
6	Tax for the year	-5,970	-8,273
	Profit for the year	21,039	29,089

Financial statements 1 October 2016 - 30 September 2017

Balance sheet

Note	DKK'000	2016/17	2015/16
	ASSETS		
	Fixed assets		
7	Intangible assets		
	Goodwill	3,226	4,750
		<u>3,226</u>	<u>4,750</u>
8	Property, plant and equipment		
	Land and buildings	9,647	10,281
	Plant and machinery	25,176	22,328
	Other fixtures and fittings, tools and equipment	103,757	98,949
	Leasehold improvements	1,330	1,562
	Property, plant and equipment in progress	2,242	3,279
		<u>142,152</u>	<u>136,399</u>
9	Investments		
	Investments in group entities	83,116	83,116
		<u>83,116</u>	<u>83,116</u>
	Total fixed assets	<u>228,494</u>	<u>224,265</u>
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	18,470	13,028
		<u>18,470</u>	<u>13,028</u>
	Receivables		
	Trade receivables	64,166	65,676
	Receivables from group entities	12,741	28
	Income taxes receivable	744	0
	Other receivables	1,049	1,007
10	Prepayments	2,196	1,129
		<u>80,896</u>	<u>67,840</u>
	Cash	<u>3,973</u>	<u>20,756</u>
	Total non-fixed assets	<u>103,339</u>	<u>101,624</u>
	TOTAL ASSETS	<u><u>331,833</u></u>	<u><u>325,889</u></u>

Financial statements 1 October 2016 - 30 September 2017

Balance sheet

Note	DKK'000	2016/17	2015/16
	EQUITY AND LIABILITIES		
	Equity		
11	Share capital	117,800	117,800
	Retained earnings	105,676	84,637
	Total equity	223,476	202,437
	Provisions		
12	Deferred tax	23,627	23,114
	Total provisions	23,627	23,114
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Bank debt	12,878	43
	Trade payables	8,567	20,697
	Payables to group entities	933	14,748
	Income taxes payable	0	3,799
	Other payables	58,888	57,182
13	Deferred income	3,464	3,869
		84,730	100,338
	Total liabilities other than provisions	84,730	100,338
	TOTAL EQUITY AND LIABILITIES	331,833	325,889

- 1 Accounting policies
- 15 Contractual obligations and contingencies, etc.
- 16 Collateral
- 17 Related parties
- 18 Fee to the auditors appointed by the Company in general meeting

Financial statements 1 October 2016 - 30 September 2017

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 October 2015	117,800	52,763	170,563
19 Transfer, see "Appropriation of profit"	0	29,089	29,089
Other value adjustments of equity	0	3,570	3,570
Tax on items recognised directly in equity	0	-785	-785
Equity at 1 October 2016	117,800	84,637	202,437
19 Transfer, see "Appropriation of profit"	0	21,039	21,039
Equity at 30 September 2017	117,800	105,676	223,476

Financial statements 1 October 2016 - 30 September 2017

Notes to the financial statements

1 Accounting policies

The annual report of Kosan Gas A/S for 2016/17 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

Referring to section 112(2) of the Danish Financial Statements Act, no consolidated financial statements are prepared. The financial statements of Kosan Gas A/S and its group entities are part of the consolidated financial statements of UGI Corporation.

Changes to presentation and disclosures only

Effective 1 October 2016, the Company has implemented act no. 738 of 1 June 2015 with amendments to the Danish Financial Statements Act. As the implementation of the amendment act has no impact in terms of value on the income statement or the balance sheet in the financial year, nor on the comparative figures, the financial statements have been prepared based on the same accounting policies as last year.

The amendment act has solely implied new or changed presentation and disclosure requirements, which have been incorporated in the financial statements.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The entity's cash flows are part of the consolidated cash flow statement for the parent company, UGI Corporation.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate 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 and payables and other monetary items denominated in foreign currencies are translated at the exchange rate 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 most recent 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 at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in "Other receivables" and "Other payables", respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for hedging of future assets or liabilities are recognised in other receivables or other payables, respectively, 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 deferred in equity are transferred to the income statement in the period in which the hedged item affects the profit/loss for the year.

Financial statements 1 October 2016 - 30 September 2017

Notes to the financial statements

1 Accounting policies (continued)

Leases

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Income statement

Revenue

Income from the sale of goods for resale and finished goods, comprising sale of LPG is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

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

Production costs

Production costs comprise costs incurred in generating the revenue for the year. Such costs include direct and indirect costs of raw materials, consumables and production staff, rent and leases, as well as depreciation on production plant.

Distribution costs

Distribution costs comprise costs related to the distribution of goods sold in the year and to sales campaigns, etc. carried out in the year, including costs related to sales staff, advertising, exhibitions and amortisation/depreciation.

Administrative expenses

Administrative expenses include expenses incurred in the year for company management and administration, including expenses relating to administrative staff, Management, office premises and expenses as well as amortisation/depreciation of assets used for administrative purposes.

Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Financial statements 1 October 2016 - 30 September 2017

Notes to the financial statements

1 Accounting policies (continued)

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is between 5 and 20 years. The amortisation period is based on a Management assesment.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Goodwill	5-20 years
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The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further amortisation charges are recognised. In case of changes in the residual value, the effect on the amortisation charges is recognised prospectively as a change in accounting estimates.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Land and buildings	20-30 years
Plant and machinery	10-20 years
Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	5-10 years

The residual value is 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 residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Income from investments in subsidiaries

The item includes dividend received from subsidiaries in so far as the dividend does not exceed the accumulated earnings in the subsidiary in the period of ownership.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Financial statements 1 October 2016 - 30 September 2017

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Intangible assets

Goodwill is measured at cost less accumulated amortisation and impairment losses.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Investments in subsidiaries

Investments in subsidiaries and associates are measured at cost. Dividends received that exceed the accumulated earnings in the subsidiary or the associate during the period of ownership are treated as a reduction in the cost of acquisition.

Impairment of fixed assets

Intangible assets, property, plant and equipment and investments in subsidiaries and associates are subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation. Impairment tests are conducted in respect of individual assets or group of assets generating separate cash flows when there is indications of impairment. The assets are written down to the higher of the value in use and net realisable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount. As for group of assets, impairment losses are first recognised in respect of goodwill and thereafter proportionately in respect of the other assets.

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

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Financial statements 1 October 2016 - 30 September 2017

Notes to the financial statements

1 Accounting policies (continued)

Deferred tax is measured according to the 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 and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or 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 is measured according to 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. Deferred tax assets 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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

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. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios.

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating margin	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax} \times 100}{\text{Average equity}}$

Financial statements 1 October 2016 - 30 September 2017

Notes to the financial statements

2 Segment information

The Company has not disclosed the geographical and business segmentation of revenue, see section 96(1) of the Danish Financial Statements Act, as Management is of the opinion that such disclosure could be highly detrimental to the Company.

The reason is that the Company operates in a market with very few competitors, and such disclosure could cause considerable damage.

DKK'000	<u>2016/17</u>	<u>2015/16</u>
3 Amortisation/depreciation of intangible assets and property, plant and equipment		
Amortisation of intangible assets	1,524	1,524
Depreciation of property, plant and equipment	24,898	23,524
	<u>26,422</u>	<u>25,048</u>
4 Financial income		
Interest receivable, group entities	39	0
Exchange gain	136	0
Other financial income	202	201
	<u>377</u>	<u>201</u>
5 Financial expenses		
Interest expenses, group entities	16	436
Exchange losses	0	283
Other financial expenses	124	77
	<u>140</u>	<u>796</u>
6 Tax for the year		
Estimated tax charge for the year	5,458	8,798
Deferred tax adjustments in the year	512	-525
	<u>5,970</u>	<u>8,273</u>

Financial statements 1 October 2016 - 30 September 2017

Notes to the financial statements

7 Intangible assets

DKK'000	Goodwill
Cost at 1 October 2016	35,670
Cost at 30 September 2017	35,670
Impairment losses and amortisation at 1 October 2016	30,920
Amortisation in the year	1,524
Impairment losses and amortisation at 30 September 2017	32,444
Carrying amount at 30 September 2017	3,226
Amortised over	5-20 years

8 Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress	Total
Cost at 1 October 2016	19,898	87,880	236,780	8,869	3,279	356,706
Additions in the year	0	6,680	25,135	0	2,076	33,891
Disposals in the year	-63	-9,740	-34,163	0	-3,113	-47,079
Cost at 30 September 2017	19,835	84,820	227,752	8,869	2,242	343,518
Impairment losses and depreciation at 1 October 2016	9,617	65,552	137,831	7,307	0	220,307
Depreciation in the year	634	3,764	20,268	232	0	24,898
Reversal of depreciation and impairment of disposals	-63	-9,672	-34,104	0	0	-43,839
Impairment losses and depreciation at 30 September 2017	10,188	59,644	123,995	7,539	0	201,366
Carrying amount at 30 September 2017	9,647	25,176	103,757	1,330	2,242	142,152
Depreciated over	20-30 years	10-20 years	3-10 years	5-10 years		

Financial statements 1 October 2016 - 30 September 2017

Notes to the financial statements

9 Investments

DKK'000	<u>Investments in group entities</u>
Cost at 1 October 2016	83,116
Cost at 30 September 2017	83,116
Value adjustments at 30 September 2017	0
Carrying amount at 30 September 2017	83,116

<u>Name</u>	<u>Legal form</u>	<u>Domicile</u>	<u>Interest</u>	<u>Equity DKK'000</u>	<u>Profit/loss DKK'000</u>
Subsidiaries					
Kosan Gas Norge AS	AS	Norge (Norway)	100.00%	67,109	23,175
Kosan Gas Finland Oy	Oy	Finland (Finland)	100.00%	23,534	1,335
Kosan Gas Sverige AB	AB	Sverige (Sweden)	100.00%	39,164	10,428
Kosan Gas AB	AB	Sverige (Sweden)	100.00%	18,623	-274

10 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including rent, insurance policies, subscriptions and interests.

DKK'000	<u>2016/17</u>	<u>2015/16</u>
11 Share capital		
Analysis of the share capital:		
117,800 shares of DKK 1,000.00 nominal value each	117,800	117,800
	<u>117,800</u>	<u>117,800</u>

The Company's share capital has remained DKK 117,800 thousand over the past 5 years.

DKK'000	<u>2016/17</u>	<u>2015/16</u>
12 Deferred tax		
Deferred tax relates to:		
Intangible assets	710	1,045
Property, plant and equipment	23,615	22,439
Liabilities	-698	-370
	<u>23,627</u>	<u>23,114</u>

13 Deferred income

Deferred income consists of payments received which cannot be recognised as revenue until the subsequent financial year.

Financial statements 1 October 2016 - 30 September 2017

Notes to the financial statements

DKK'000	<u>2016/17</u>	<u>2015/16</u>
14 Staff costs		
Wages/salaries	35,517	35,261
Pensions	3,887	3,785
Other social security costs	604	687
	<u>40,008</u>	<u>39,733</u>

Staff costs are recognised as follows in the financial statements:

Production	7,714	7,365
Administration	32,294	32,368
	<u>40,008</u>	<u>39,733</u>

	<u>2016/17</u>	<u>2015/16</u>
Average number of full-time employees	57	55

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

15 Contractual obligations and contingencies, etc.

Other contingent liabilities

DKK'000	<u>2016/17</u>	<u>2015/16</u>
Guarantee commitments	181	181
	<u>181</u>	<u>181</u>

Other financial obligations

Other rent and lease liabilities:

Rent and lease liabilities	7,409	8,242
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16 Collateral

The Company has provided suretyship as security for subsidiaries' debt to credit institutions.

Financial statements 1 October 2016 - 30 September 2017

Notes to the financial statements

17 Related parties

Kosan Gas A/S' related parties comprise the following:

Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
UGI Corporation	USA	Ultimate patent company
Flaga GmbH	Austria	Parent company

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
UGI Corporation	USA	http://www.ugicorp.com/investor-relations/financial-reports/annual-reports/default.aspx

Related party transactions

Kosan Gas A/S was engaged in the below related party transactions:

<u>DKK'000</u>	<u>2016/17</u>	<u>2015/16</u>
Sale of goods to group entities	82	63
Purchase of goods from group entities	0	4,779
Sale of services to group entities	10,495	10,398
Purchase of services from parent company	3,546	1,576
Interest income from group entities	39	0
Interest expenses to group entities	16	436
Receivables from group entities	12,741	28
Payables to group entities	933	14,748

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

<u>Name</u>	<u>Domicile</u>
Flaga GmbH	Austria

18 Fee to the auditors appointed by the Company in general meeting

Audit fees are not disclosed with reference to section 96(3) of the Danish Financial Statements Act. The fee is specified in the consolidated financial statements of UGI Corporation.

<u>DKK'000</u>	<u>2016/17</u>	<u>2015/16</u>
19 Appropriation of profit		
Recommended appropriation of profit		
Retained earnings	21,039	29,089
	<u>21,039</u>	<u>29,089</u>