

Kosan Crisplant a/s

P.O. Pedersens Vej 22

DK-8200 Aarhus N

CVR no 25 69 08 69

Annual Report for 2016

The Annual Report has been presented
and adopted at the Annual General
Meeting of the Company on 12 April
2017

Chairman



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Management's Statement on the Annual Report

The Executive and Supervisory Boards have today considered and adopted the Annual Report of Kosan Crisplant a/s for the financial year 1 January 2016 – 31 December 2016.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

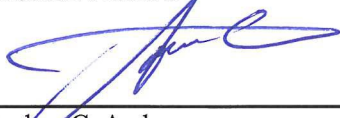
In our opinion, the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2016 of the Company and the Group and of the results of the Company and Group operations and consolidated cash flows for 2016.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

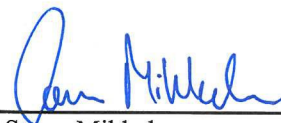
We recommend that the Annual Report be adopted at the Annual General Meeting.

Aarhus, 12 April 2017

Executive Board



Anders C. Anderson
CEO



Søren Mikkelsen
CFO



Bent Lindrup Nielsen
COO

Supervisory Board



Abdulkareem Hamad Al-Ayuni
Chairman



Adel Abdulfah Alhamzah



Yasser Abdulrahman Aldohaim



Lars Christiansen



Henning Krogh Pedersen

Independent Auditors' report

To the Shareholders of Kosan Crisplant a/s

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2016, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of C-Group for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("financial statements").

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 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company 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.

Independent Auditors' report

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent 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 Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent 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.

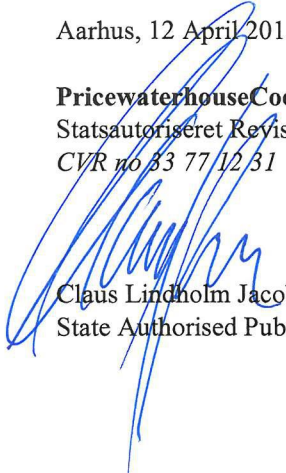
Independent Auditors' report

• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Aarhus, 12 April 2017

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no 33 77 12 31



Claus Lindholm Jacobsen
State Authorised Public Accountant



Thyge Belter
State Authorised Public Accountant

Company information

The Company

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P.O. Pedersens Vej 22

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Website: www.kosancrisplant.com

CVR no 25 69 08 69

Financial period: 1 January - 31 December

Financial year: 17

Municipality of reg. office: Aarhus

Supervisory Board

Abdulkareem Hamad Al-Ayuni (chairman)

Adel Abdullah Alhamzah

Yasser Abdulrahman Aldohaim

Lars Christiansen

Henning Krogh Pedersen

Executive Board

Anders C. Anderson

Søren Mikkelsen

Bent Lindrup Nielsen

Auditors

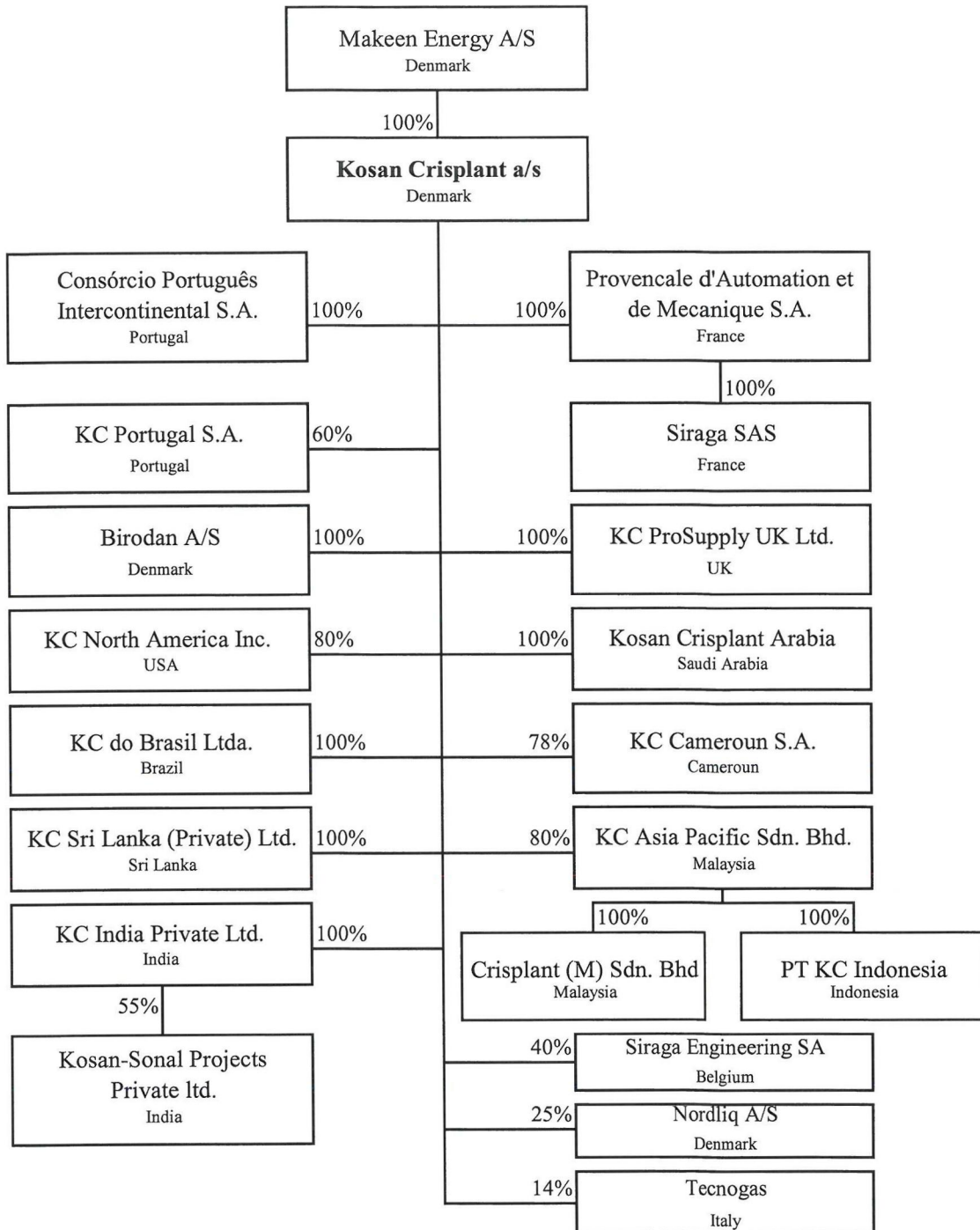
PricewaterhouseCoopers

Nobelparken

Jens Chr. Skous Vej 1

DK-8000 Aarhus C

Group Overview



Financial Highlights

	Group				
	2016 DKK mio.	2015 DKK mio. (9 months)	2014/15 DKK mio.	2012/13 DKK mio.	2011/12 DKK mio.
Key figures					
Profit/loss					
Revenue	732,9	350,4	571,9	563,8	510,6
Gross profit/loss	198,9	82,4	137,2	143,6	141,4
EBITDA	66,6	4,2	50,2	57,2	59,4
EBITA	50,0	-5,5	38,1	48,2	52,1
Profit/loss before financial income and expenses	50,1	-9,9	25,9	31,9	32,0
Net financials	-2,2	-8,9	-3,9	-4,9	-3,3
Net profit/loss for the year after minority interests	33,1	-18,7	10,3	15,1	15,3
Balance sheet					
Balance sheet total	565,7	422,2	440,6	420,7	323,4
Investment in property, plant and equipment	23,7	11,6	14,8	19,8	10,0
Equity allocated to shareholders of the parent company	131,2	100,7	121,3	119,9	112,0
Number of employees in Denmark	90	94	94	96	96
Number of employees outside Denmark	738	538	470	391	289
Ratios					
Ratios					
Gross margin	27,1%	23,5%	24,0%	25,5%	27,7%
EBITDA margin	9,1%	1,2%	8,8%	10,1%	11,6%
EBITA margin	6,8%	-1,6%	6,7%	8,5%	10,2%
Profit margin	6,8%	-2,8%	4,5%	5,7%	6,3%
Return on assets	8,9%	-2,4%	5,9%	7,6%	9,9%
Solvency ratio	23,2%	23,9%	27,5%	28,5%	34,6%
Return on equity	28,6%	-16,8%	8,5%	13,1%	14,7%

The ratios have been prepared in accordance with the definitions stated in the section accounting policies.

Review

Main activities

Kosan Crisplant a/s is the world's leading global supplier of systems, products and services for filling and maintenance of LPG cylinders. Moreover, other requirements within the LPG business, as well as within LNG and technical gasses, are covered where there is a related business or strategic gain.

Development during the Year

The result for the year is a profit of DKK 33.1 million versus a loss of DKK 18.7 million in 2015 (9 months). The result is higher than expected at the beginning of the year.

The year 2016 was influenced by the acquisition and integration of Siraga S.A.S., a French competitor supplying systems and products for filling and maintenance of LPG cylinders. The acquisition was completed on 9 June 2016 and has had a positive impact on the Group's Turnover by DKK 136.0 million, Operating profit (EBITDA) by DKK 6.3 million and Net profit by DKK 0.8 million. As of 31 December 2016 total assets increased by DKK 123.4 million as a direct result of the acquisition.

Excluding the impact from the acquisition of Siraga S.A.S. turnover has increased from DKK 350.4 million in 2015 (9 months) to DKK 596.9 million in 2016, corresponding to an increase of 28% annualised. Operating profit (EBITDA) has improved from DKK 4.2 million in 2015 (9 months) to DKK 60.3 million in 2016, corresponding to an improvement of DKK 56.1 million.

The beginning of 2016 was affected by the continued global recession, political unrest in parts of Northern Africa and the Middle East and, on important markets, the decline in the crude oil price. In the second half of 2016 the tendency has changed to the better: order intake of new LPG projects has improved significantly and the order backlog by the end of the year is record high and thus a good starting point for the Group's activities in the coming year.

The sale of the Group's other products continued to develop positively throughout 2016 showing an even better potential for the years to come. The result is achieved based on continuous focus on acquisition of relevant activities, development of strategic business segments, cost price reductions, improvement of product mix, introduction of new products and a generally improved productivity.

During the financial year the Group has continued its investments in new business segments, in particular ProSupply (component trading) and facility management, product development and infrastructure. A number of the subsidiaries established during recent years have contributed significantly to the turnover and the result for the year. This infrastructure, combined with new products and concepts, ensures the Group a strong position to continuously benefit from the improvement of the market situation, which is expected to continue in the coming year.

Review

Special Risks

Macro-economic and Political Conditions

The Group sells products and services world-wide. The geographical distribution ensures a considerable diversification of risks, but also implies that the Group's sales often are influenced positively or negatively by macro-economical or political conditions on specific markets.

Credit and Liquidity Risks

The Group's activities on a large number of markets involve a certain exposure to deferred payments and non-payments from customers. Such risks are met by strict management of payment conditions and use of normal payment instruments.

Foreign Exchange Risks

As the major part of the Group's revenue is generated abroad, results and equity are affected by the development in exchange rates in respect of a number of currencies. However, the risk is limited by a material part of revenue being settled in Euro. It is Group policy to hedge against commercial foreign exchange exposure through forward exchange contracts. The Company does not enter into foreign exchange positions for speculative purposes.

Corporate Social Responsibility

The Group runs its business in an economically and socially responsible way to the benefit of all its stakeholders, i.e. shareholders, employees, customers, suppliers and other stakeholders. The Group consents with the UN Global Compact Principles in its daily business and as a minimum obey the legislation in the countries and regional communities in which it has its activities, in particular labour rights, human rights, anti-corruption laws and environmental requirements, but has no formal policy in that respect. The code of conduct for employees and cooperation partners is defined on the basis of the Group's formulated values.

The Group's operations are carried out in an environmentally sound manner, which forms a natural part of the Group in respect of product quality and conditions of production. The primary activities are in the area of less polluting and green energy, developing new technologies to minimize the environmental impact from households, industries and transportation. Internally it is continuously assessed how processes, including manufacturing and product development, can be optimized to reduce resource consumption and environmental impact.

The Group takes responsibility for the working environment and focus on improving health and safety for all employees. The working environment complies with the highest national standards and the Group continuously focuses on improving the safety for the well-being of our employees. As part of the efforts to ensure a good working environment the Group carries out staff satisfaction and work place surveys at regular intervals.

Review

Composition of genders in management

The Company's highest level of management, the Board of Directors, is currently consisting solely of males. Members of the Board of Directors elected on the General Meeting are elected according to qualifications. The target of the Board of Directors is that females shall be represented by minimum 20% of the members elected by on the General Meeting. The target shall be achieved if the most qualified candidate at the next change in the Board of Directors is female.

The composition of genders in the Board of Directors is unchanged in 2016 as the number of changes has not provided the basis for an improvement.

In the Company's other management levels, females are currently represented by 15% which represents an increase compared to 2015 (less than 10%).

It is the target that females shall be represented by at least 20% in these management levels. The target should be seen in conjunction with the limited number of replacements in these management levels, as well as with the composition of the recruiting base. The target shall be achieved through definition of milestones and focus on specific activities, including the internal and external base for recruiting and the recruiting process itself. It is the Company's policy that recruitments shall be based on qualifications and not gender or similar.

In 2016, the Company has recruited three employees at management level, one of whom is female. All recruitments in 2016 have been evaluated in order to identify and adjust circumstances, which may affect the composition of genders among the candidates or similar.

Subsidiaries and Local Offices

A material element in the Group strategy and growth plans is to establish and develop, or acquire local sales and service enterprises. As mentioned above, the Group has acquired Siraga S.A.S. in France. In addition, Siraga owns subsidiaries in Algeria, Brazil, Kenya and Tanzania. The subsidiaries in Brazil and Algeria strengthen our existing subsidiaries and the subsidiaries in Kenya and Tanzania provides the Group a strategic access to the East-african markets. The new subsidiaries will all contribute to form an even stronger base for the continuous development of sales activities around the world.

The Group's existing subsidiaries continue to develop positively: the sale and service subsidiaries are developing very positively, particularly in after-sales, service and facility management. Further, in 2016 the Group has started building a new production facility in Sri Lanka, which will increase production capacity significantly when completed during spring 2017.

Expectations for the Year Ahead

For the financial year 2017 the Group expects to improve the operating profit.

Subsequent Events

No events materially affecting the assessment of the financial position of the Company by 31 December 2016 have occurred after the balance sheet date.

Review

Development

This financial year, the Group has incurred expenses for development totalling DKK 6.0 million. DKK 0.7 million out of this amount have been charged as production costs as the Group assesses that these costs do not meet the criteria for recognition in the balance sheet. The remaining amount of DKK 5.3 million have been capitalised as development projects.

Development projects mainly consists of development of new components and systems within the area of LPG filling plants and liquification of natural gas (LNG).

The new components and systems leads to competitive advantage and thus directly influence the activity and future financial performance of the Group.

Intellectual Capital Resources

The Group gives priority to continuing training of employees in the Parent Company and the subsidiaries abroad. Training in sales management, project management and general leadership has been carried through during the year. Similar training will continue in the coming year.

Ownership

The Company's share capital of DKK 15,000k by 31 December 2016 is wholly owned by Makeen Energy A/S, P.O. Pedersens Vej 22, DK-8200 Aarhus N, Denmark.

Accounting Policies

Basis of Preparation

The Annual Report of Kosan Crisplant a/s for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C and current Danish Accounting Standards.

The accounting policies are unchanged compared to previous years.

Recognition and measurement

The financial statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised costs are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Kosan Crisplant a/s, and enterprises in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control.

Accounting Policies

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

On acquisition of subsidiaries, the difference between cost of acquisition and net asset value of the enterprise acquired is determined at the date of acquisition after the individual assets and liabilities having been adjusted to fair value (the purchase method). In this connection any restructuring provisions decided concerning the acquired enterprise are deducted. Any remaining positive differences are recognised in "Investments in subsidiaries" and are amortised on a straight-line basis over the estimated useful life, but not exceeding 20 years.

Due to change in recognition and measurement of net assets, differences from acquired enterprises may be adjusted until the end of the financial year following the year of acquisition. These adjustments are at the same time reflected in the value of goodwill, including amortisation already made.

Amortisation of goodwill is recognised in the item amortisation, goodwill.

Minority interests

On statement of Group results and Group equity, the shares of results and equity of subsidiaries attributable to minority interests are recognised as separate items in the income statement and the balance sheet. Minority interests are recognised on the basis of a re-measurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries. At subsequent changes in minority interests the changed share of results is recognised from the time of the change.

Leases

All of the Group's leases are classified as either operating or finance leases. Payments concerning operating leases are recognised in the income statement on a straight-line basis over the leasing period. The payments concerning finance leases are divided between financial expenses and repayments on the leasing debt to obtain a constant interest rate for the remaining leasing debt.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Accounting Policies

Income statements of foreign subsidiaries are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as “Other receivables” and “Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Income Statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when the sale is considered effected based on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined; and payment has been received or may with reasonable certainty be expected to be received.

Accounting Policies

Contract work in progress is recognised at the rate of completion of the projects, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the project and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. Contract work in progress includes agreements of delivery of projects with a high level of individual customization.

Cost of sales

Cost of sales comprises costs incurred to achieve revenue for the year. Cost comprises purchases for projects, raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management of factories.

Cost of sales also includes development costs that do not qualify for capitalisation.

Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising, marketing and exhibition expenses as well as operation of motor vehicles, depreciation, etc.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the enterprises, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year after tax.

Income from investments in associates

The item "Income from investments in associates" in the income statement includes the proportionate share of the profit for the year after tax.

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised exchange adjustments, price adjustment of securities as well as extra payments and repayment under the on-account taxation scheme.

Accounting Policies

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company assesses for Danish tax purposes jointly with the Danish consolidated company. Foreign subsidiaries are not part of the joint taxation.

The effect of the joint taxation is divided among the involved companies according to the taxable profit or loss of each company. The companies that are part of the joint taxation are entered into the tax prepayment scheme.

Balance Sheet

Intangible assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience with the individual business areas. The maximum amortisation period is 20 years, the longest period applying to enterprises acquired for strategic purposes with a strong market position and a long earnings profile.

Development projects and licences

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work, but not exceeding 5 years.

Software licenses are amortised over the agreement period, however maximum 5 years.

Accounting Policies

Property, plant and equipment

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

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Land and buildings	20 years
Plant and machinery	2-10 years
Other fixtures and fittings, tools and equipment	2-10 years
Leasehold improvements	5-12 years

Assets costing less than DKK 20,000 are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation. If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount, and the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the Group of assets to which they are attributable.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured under the equity method.

The items "Investments in subsidiaries" and "Investments in associates" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of any remaining value of positive differences (goodwill).

Accounting Policies

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in subsidiaries.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value. The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales sum.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods, semi-finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Contract work in progress includes agreements of delivery of projects with a high level of individual customization. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Prepayments and payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Accounting Policies

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Provisions are made for warranty obligations in respect of repair work within the warranty period of 1-2 years. Provisions are measured and recognised based on experience with guarantee work.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax jurisdiction.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Accounting Policies

Financial debts

Fixed-interest loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Cash Flow Statement

The cash flow statement shows the Group's cash flow for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

No cash flow statement has been prepared for the Parent Company as the Parent Company cash flows are included in the Consolidated Cash Flow Statement.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand" and "Credit institutions". The cash flow statement cannot be immediately derived from the published financial records.

Explanation of financial ratios

Gross margin $\frac{\text{Gross profit} \times 100}{\text{Revenue}}$

EBITDA margin $\frac{\text{EBITDA} \times 100}{\text{Revenue}}$

EBITA margin $\frac{\text{EBITA} \times 100}{\text{Revenue}}$

Accounting Policies

Profit margin	$\frac{\textit{Profit before financials} \times 100}{\textit{Revenue}}$
Return on assets	$\frac{\textit{Profit before financials} \times 100}{\textit{Total assets}}$
Solvency ratio	$\frac{\textit{Equity at year end} \times 100}{\textit{Total assets}}$
Return on equity	$\frac{\textit{Net profit for the year} \times 100}{\textit{Average equity}}$

Income Statement 1 January 2016 - 31 December 2016

	Note	Group		Parent Company	
		2016	2015	2016	2015
		DKK '000	DKK '000	DKK '000	DKK '000
Revenue	1	732.948	350.371	285.841	157.546
Cost of sales	3	-534.062	-267.927	-227.910	-129.159
Gross profit/loss		198.886	82.444	57.931	28.387
Distribution expenses	3	-82.525	-52.146	-29.585	-24.657
Administrative expenses	2, 3	-67.060	-37.775	-25.893	-20.125
Operating profit/loss		49.301	-7.477	2.453	-16.395
Other operating income		674	1.964	56	0
EBITA		49.975	-5.513	2.509	-16.395
Income negative goodwill		4.266	0	0	0
Goodwill amortisation		-4.168	-4.424	0	0
Profit/loss before financial income and expenses		50.073	-9.937	2.509	-16.395
Income from investments in subsidiaries after tax	4	0	0	28.664	-5.649
Income from investments in associates after tax		-590	0	-590	0
Financial income	5	6.427	1.928	5.076	1.569
Financial expenses	6	-8.040	-10.779	-2.701	-1.912
Profit/loss before tax		47.870	-18.788	32.958	-22.387
Tax on profit/loss for the year	7	-12.526	713	156	3.719
Net profit/loss for the year		35.344	-18.075	33.114	-18.668

Distribution of profit

Proposed distribution of profit

Net revaluation according to the equity method	0	0	13.276	-565
Net capitalized development costs	0	0	1.847	0
Minority interests' share of net profit/loss of subsidiaries	2.230	593	0	0
Retained earnings	33.114	-18.668	17.991	-18.103
	35.344	-18.075	33.114	-18.668

Balance Sheet 31 December 2016

Assets	Note	Group		Parent Company	
		2016	2015	2016	2015
		DKK '000	DKK '000	DKK '000	DKK '000
Goodwill		25.600	30.166	0	0
Completed development projects		9.463	6.228	4.840	6.228
Development projects in progress		5.714	2.479	5.714	2.479
Intangible assets	8	40.777	38.873	10.554	8.707
Land and buildings		756	822	0	0
Plant and machinery		43.209	39.216	1.325	1.366
Other fixtures and fittings, tools and equipment		22.285	13.626	7.328	7.466
Leasehold improvements		2.686	3.081	1.168	1.390
Property, plant and equipment	9	68.936	56.745	9.821	10.222
Investments in subsidiaries		0	0	109.371	90.720
Investments in associates		452	0	427	0
Other investments		173	155	0	0
Deposits		3.653	3.976	2.588	2.561
Receivables from subsidiaries		0	0	5.780	4.873
Fixed asset investments	10	4.278	4.131	118.166	98.154
Fixed assets		113.991	99.749	138.541	117.083
Inventories	11	85.807	64.540	19.410	21.554
Trade receivables		182.632	91.649	40.096	31.703
Contract work in progress	12	105.776	110.866	39.523	24.667
Receivables from group enterprises		4.550	2.358	72.986	56.775
Other receivables		16.372	14.313	4.835	3.543
Deferred tax asset	13	7.868	7.126	642	370
Prepayments	14	7.754	5.048	1.957	1.630
Receivables		324.952	231.360	160.039	118.688
Cash at bank and in hand		40.982	26.551	2.021	3.662
Current assets		451.741	322.451	181.470	143.904
Assets		565.732	422.200	320.011	260.987

Balance Sheet 31 December 2016

Liabilities and equity

	Note	Group		Parent Company	
		2016 DKK '000	2015 DKK '000	2016 DKK '000	2015 DKK '000
Share capital		15.000	15.000	15.000	15.000
Net revaluation according to development costs		0	0	1.847	0
Net revaluation according to the equity method		0	0	13.276	0
Retained earnings		116.231	85.724	101.108	85.724
Equity allocated to shareholders of the parent company		131.231	100.724	131.231	100.724
Minority interests		7.650	8.011	0	0
Equity	15	138.881	108.735	131.231	100.724
Deficit, subsidiaries		0	0	13.064	12.489
Warranty obligations	16	4.723	3.404	3.194	2.875
Provision for deferred tax	13	17.799	19.505	17.106	18.858
Other provisions	17	27.884	17.808	402	0
Provisions		50.406	40.717	33.766	34.222
Credit institutions		3.308	3.558	0	0
Other payables		12.252	9.951	2.388	2.781
Long-term debt	18	15.560	13.509	2.388	2.781
Current portion of long-term debt	18	298	7.301	0	6.937
Credit institutions		20.083	23.845	2.262	23.822
Prepayments received from customers	12	93.479	49.730	44.132	20.360
Trade payables		145.970	107.552	45.112	25.551
Payables to group enterprises		1.829	1.094	35.087	15.550
Deferred income		3.331	1.526	0	0
Corporation tax		4.334	13.976	3.445	11.240
Other payables		91.561	54.215	22.588	19.800
Short-term debt		360.885	259.239	152.626	123.260
Debt		376.445	272.748	155.014	126.041
Liabilities and equity		565.732	422.200	320.011	260.987

Balance Sheet 31 December 2016

	<u>Note</u>
Contingent assets, liabilities and other financial obligations	19
Related parties and ownership	20
Derivative financial instruments	21

Cash Flow Statement 1 January 2016 - 31 December 2016

	Note	Group	
		2016	2015
		DKK '000	DKK '000
Net profit/loss for the year after minority interests		33.114	-18.668
Adjustments	22	27.203	21.193
Change in working capital	23	46.547	27.201
Cash flows from operating activities before financial income and expenses		106.864	29.726
Financial income		6.427	1.928
Financial expenses		-8.040	-10.779
Cash flows from ordinary activities		105.251	20.875
Corporation tax paid		-24.834	-6.145
Cash flows from operating activities		80.417	14.730
Acquisition of subsidiaries		-28.482	-4.043
Purchase of minority interests		0	-76
Purchase of intangible assets		-5.245	-3.375
Purchase of property, plant and equipment		-23.663	-11.609
Fixed asset investments made		-1.399	-566
Sale of property, plant and equipment		691	1.137
Sale of fixed asset investments		826	9
Cash flows from investing activities		-57.272	-18.523
Raising/repayment of long-term debt		-4.952	382
Dividend paid to shareholders		0	0
Cash flows from financing activities		-4.952	382
Change in cash and cash equivalents		18.193	-3.411
Cash and cash equivalents at 1 January 2016		2.706	6.117
Cash and cash equivalents at 31 December 2016		20.899	2.706
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		40.982	26.551
Credit institutions		-20.083	-23.845
Cash and cash equivalents at 31 December 2016		20.899	2.706

Notes to the Annual Report

	Group		Parent Company	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	DKK '000	DKK '000	DKK '000	DKK '000
1 Revenue				
Geographical segments				
Europe	218.191	121.108	77.564	47.194
Outside Europe	514.757	229.263	208.277	110.352
	<u>732.948</u>	<u>350.371</u>	<u>285.841</u>	<u>157.546</u>
2 Fee to auditors appointed at the general meeting				
PricewaterhouseCoopers				
Audit fee	709	572	337	292
Other assurance engagements	82	0	15	0
Tax assistance	160	75	129	70
Non-audit services	102	0	91	0
Other audit companies				
Audit fee and non-audit services	1.401	935	135	76
	<u>2.454</u>	<u>1.582</u>	<u>707</u>	<u>438</u>
3 Staff				
Wages and salaries	146.469	99.120	60.243	49.950
Pensions	6.648	4.380	3.681	2.926
Other social security expenses	14.482	5.959	637	577
	<u>167.599</u>	<u>109.459</u>	<u>64.561</u>	<u>53.453</u>
Remuneration to the Executive and Supervisory Boards amounts to:				
Executive Board	4.692	5.244	4.692	5.244
Supervisory Board	60	163	60	163
	<u>4.752</u>	<u>5.407</u>	<u>4.752</u>	<u>5.407</u>
* The booked salaries for the Executive boards for 2015 contains DKK 1,998k concerning repurchase of share options.				
Average number of employees	<u>828</u>	<u>632</u>	<u>141</u>	<u>143</u>

Notes to the Annual Report

	Parent Company	
	2016	2015
	DKK '000	DKK '000
4 Income from investments in subsidiaries after tax		
Share of earnings of subsidiaries after tax	31.457	-2.356
Amortisation of goodwill	-2.793	-3.293
	28.664	-5.649

	Group		Parent Company	
	2016	2015	2016	2015
	DKK '000	DKK '000	DKK '000	DKK '000
5 Financial income				
Interest received from group enterprises	174	16	2.613	1.521
Exchange adjustments	5.825	254	2.462	48
Other financial income	428	1.658	1	0
	6.427	1.928	5.076	1.569

6 Financial expenses				
Interest expenses to group enterprises	0	0	121	7
Bank charges	2.135	1.747	1.295	854
Exchange adjustments	583	6.896	23	260
Other financial expenses	5.322	2.136	1.262	791
	8.040	10.779	2.701	1.912

	Group		Parent Company	
	2016	2015	2016	2015
	DKK '000	DKK '000	DKK '000	DKK '000
7 Tax on profit/loss for the year				
Current tax for the year	15.105	14.743	2.334	10.152
Adjustment of tax percentage	0	-738	0	-741
Deferred tax for the year	-2.448	-13.335	-2.024	-12.791
Total tax for the year	12.657	670	310	-3.380
which breaks down as follows:				
Tax on profit/loss for the year	12.526	-713	-156	-3.719
Tax on changes in equity	131	1.383	466	339
	12.657	670	310	-3.380

Notes to the Annual Report

8 Intangible assets

Group	Goodwill	Develop- ment projects	Develop- ment projects in progress
	DKK '000	DKK '000	DKK '000
Cost at 1 January 2016	75.935	20.248	2.479
Exchange adjustments	-398	0	0
Additions for the year	0	7.149	3.400
Transferred	0	165	-165
Cost at 31 December 2016	<u>75.537</u>	<u>27.562</u>	<u>5.714</u>
Amortisation at 1 January 2016	45.769	14.020	0
Amortisation for the year	4.168	4.079	0
Amortisation at 31 December 2016	<u>49.937</u>	<u>18.099</u>	<u>0</u>
Carrying amount at 31 December 2016	<u>25.600</u>	<u>9.463</u>	<u>5.714</u>
Amortised over	5-10 years	3-5 years	
Amortisation and impairment of intangible assets are recognised in the following items:			
Cost of sales			4.079
Amortisation, goodwill			<u>4.168</u>
			<u>8.247</u>

Notes to the Annual Report

8 Intangible assets (continued)

Parent Company	Goodwill	Develop- ment projects	Develop- ment projects in progress
	DKK '000	DKK '000	DKK '000
Cost at 1 January 2016	6.606	20.124	2.479
Additions for the year	0	1.630	3.400
Transferred	0	165	-165
Cost at 31 December 2016	6.606	21.919	5.714
Amortisation at 1 January 2016	6.606	13.896	0
Amortisation for the year	0	3.183	0
Amortisation at 31 December 2016	6.606	17.079	0
Carrying amount at 31 December 2016	0	4.840	5.714
Amortised over	5-10 years	3-5 years	
Amortisation and impairment of intangible assets are recognised in the following items:			
Cost of sales			3.183
			3.183

Goodwill

Investment in subsidiaries are considered to be of strategic importance for the Group. In consideration of the Groups plans for development and increasing the activities in the acquired subsidiaries the useful life of goodwill is set to 10 years.

Development projects

Completed development projects comprise development and testing of components and systems within the area of gas filling plants. Completed development projects are amortized over 3-5 years.

The management has not identified any indication of impairment in relation to the carrying amount.

Development project in progress

Development projects mainly consists of development of new components and systems within the area of LPG filling plants and liquification of natural gas (LNG). The costs mainly consists of external costs.

The new components and systems leads to competitive advantage and thus directly influence the activity and future financial performance of the Group.

Notes to the Annual Report

9 Property, plant and equipment

Group	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK '000	DKK '000	DKK '000	DKK '000
Cost at 1 January 2016	971	52.544	55.852	4.522
Exchange adjustments	-116	31	-46	-12
Additions for the year	138	10.446	15.180	4
Disposals for the year	0	-592	-99	0
Cost at 31 December 2016	<u>993</u>	<u>62.429</u>	<u>70.887</u>	<u>4.514</u>
Impairment losses and depreciation at 1 January 2016	149	13.328	42.226	1.441
Exchange adjustments	-5	133	-11	0
Depreciation for the year	<u>93</u>	<u>5.759</u>	<u>6.387</u>	<u>387</u>
Impairment losses and depreciation at 31 December 2016	<u>237</u>	<u>19.220</u>	<u>48.602</u>	<u>1.828</u>
Carrying amount at 31 December 2016	<u>756</u>	<u>43.209</u>	<u>22.285</u>	<u>2.686</u>
Depreciated over	<u>20 years</u>	<u>2-10 years</u>	<u>2-10 years</u>	<u>5-12 years</u>

Depreciation and impairment of property, plant and equipment are recognised in the following items:

	2016
	DKK '000
Cost of sales	5.010
Distribution expenses	5.140
Administrative expenses	<u>2.476</u>
	<u>12.626</u>

Notes to the Annual Report

9 Property, plant and equipment *(continued)*

Parent Company	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improve- ments
	DKK '000	DKK '000	DKK '000
Cost at 1 January 2016	2.814	34.607	2.401
Exchange adjustments	0	0	0
Additions for the year	292	3.397	0
Cost at 31 December 2016	<u>3.106</u>	<u>38.004</u>	<u>2.401</u>
Impairment losses and depreciation at 1 January 2016	1.448	27.141	1.011
Exchange adjustments	0	7	0
Depreciation for the year	333	3.528	222
Impairment losses and depreciation at 31 December 2016	<u>1.781</u>	<u>30.676</u>	<u>1.233</u>
Carrying amount at 31 December 2016	<u>1.325</u>	<u>7.328</u>	<u>1.168</u>
Depreciated over	<u>2-10 years</u>	<u>2-10 years</u>	<u>5-12 years</u>

Depreciation and impairment of property, plant and equipment are recognised in the following items:

	2016
	DKK '000
Cost of sales	1.460
Distribution expenses	2.096
Administrative expenses	527
	<u>4.083</u>

Notes to the Annual Report

10 Fixed assets investments

Group	Investments in associates	Other investments	Deposits	
	DKK '000	DKK '000	DKK '000	
Cost at 1 January 2016	2.289	139	3.976	
Exchange adjustments	0	0	9	
Additions for the year	1.042	18	494	
Disposals for the year	0	0	-826	
Cost at 31 December 2016	3.331	157	3.653	
Value adjustment at 1 January 2016	-2.289	16	0	
Net profit/loss for the year	-590	0	0	
Value adjustments at 31 December 2016	-2.879	16	0	
Carrying amount at 31 December 2016	452	173	3.653	

Parent Company	Investments in subsidiaries	Investments in associates	Deposits	Receivables from subsidiaries
	DKK '000	DKK '000	DKK '000	DKK '000
Cost at 1 January 2016	93.524	1.988	2.561	4.873
Exchange adjustments	0	-7	1	0
Additions for the year	0	1.017	26	5.780
Disposals for the year	0	0	0	-4.873
Cost at 31 December 2016	93.524	2.998	2.588	5.780
Value adjustment at 1 January 2016	-2.804	-1.988	0	0
Exchange adjustments	-4.862	7	0	0
Net profit/loss for the year	28.664	-590	0	0
Dividend to the Parent Company	-6.240	0	0	0
Fair value adjustment of hedging instruments	-661	0	0	0
Other equity adjustments	1.175	0	0	0
Adjustment of investments with negative net asset value	575	0	0	0
Value adjustment at 31 December 2016	15.847	-2.571	0	0
Carrying amount at 31 December 2016	109.371	427	2.588	5.780

Notes to the Annual Report

10 Fixed assets investments (continued)

Remaining positive difference included in the above carrying amount at 31 December 2016 20.474

Subsidiaries and associated companies are recognised and measured as separate entities.

Investments in subsidiaries and associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Subsidiaries:			
Birodan A/S	Denmark	kDKK 500	100%
KC ProSupply UK Ltd.	UK	kGBP 10	100%
- Tankgas Equipment Ltd. (dormant)	UK	kGBP 5	100%
- Combined Gas Systems Ltd. (dormant)	UK	kGBP 0,1	100%
- Marshalls Excelsior Europe Ltd.(dormant)	UK	kGBP 0,1	100%
Consórcio Português Intercontinental S.A.	Portugal	kEUR 200	100%
Kosan Crisplant Arabia	Saudi Arabia	kSAR 100	100%
Kosan Crisplant Asia Pacific Sdn. Bhd.	Malaysia	kMYR 350	80%
- Crisplant (M) Sdn. Bhd	Malaysia	TMYR 350	100%
- Kosan Crisplant Indonesia, PT	Indonesien	TIDR 1.935	100%
Kosan Crisplant do Brasil Ltda.	Brazil	kBRL 516	100%
Kosan Crisplant Cameroon S.A.	Cameroun	kXAF 2.085.500	78%
Kosan Crisplant India Private Ltd.	India	kINR 5.500	100%
- Kosan-Sonal Projects Private Ltd.	India	kINR 5.000	55%
Kosan Crisplant Lanka (Private) Ltd.	Sri Lanka	kLKR 15.000	100%
Kosan Crisplant North America Inc.	USA	kUSD 1	80%
Kosan Crisplant Portugal S.A.	Portugal	kEUR 100	60%
Provencale d'Automation et de Mecanique S.A.	France	kEUR 425	99,98%
- Alpillies Tech. Services S.A.(dormant)	France	TEUR 200	75%
- Siraga SAS	France	kEUR 3.000	100%
- Siraga Algérie Spa	Algeria	kDZD 1.000	97%
- Siraga Do Brazil LTDA	Brazil	kBRL 656	100%
- Siraga East Africa Ltd.	Kenya	kKES 100	80%
- Siraga East Africa Tanzania Ltd.	Tanzania	kTZS 100.000	82%
Associates:			
Tecnogas S.r.L.	Italy	kEUR 347,5	14,79%
Siraga Engineering SA	Belgium	kEUR 200	40,00%
Nordliq A/S	Denmark	kDKK 700	25,00%

Notes to the Annual Report

10 Fixed assets investments (continued)

RMS Gas Engineering Limited, registered under UK registration number 02536725, Tankgas Equipment Limited, registered under UK registration number 03195305, Combined Gas Systems Limited, registered under UK registration number 3327911 and Marshalls Excelsior Europe Limited, registered under UK registration number 08742573, are entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

	Group		Parent Company	
	2016	2015	2016	2015
	DKK '000	DKK '000	DKK '000	DKK '000
11 Inventories				
Raw materials and consumables	77.542	59.415	19.188	21.276
Work in progress	8.265	5.125	222	278
	85.807	64.540	19.410	21.554
12 Contract work in progress				
Selling price of production for the period	795.429	724.729	351.921	532.877
Payments received on account	-783.132	-663.593	-356.530	-528.570
Contract work in progress, net	12.297	61.136	-4.609	4.307
Recognised in the balance sheet as follows:				
Contract work in progress recognised in assets	105.776	110.866	39.523	24.667
Prepayments received recognised in debt	-93.479	-49.730	-44.132	-20.360
	12.297	61.136	-4.609	4.307
13 Provision for deferred tax				
Fixed assets	-1.178	-1.820	-1.871	-2.467
Current assets	19.569	25.064	19.569	25.064
Debt	-144	-840	-144	-840
Tax loss carry-forward	-448	-2.899	-448	-2.899
	17.799	19.505	17.106	18.858
Deferred tax asset				
Debt	6.530	5.884	642	370
Tax loss carry-forward	1.338	1.242	0	0
	7.868	7.126	642	370

Based on the budgets for the next three years, management has considered it likely that prior years tax losses and unused tax credits can be utilized within 3-5 years.

Notes to the Annual Report

14 Prepayments

Prepayments	7.754	5.048	1.957	1.630
	<u>7.754</u>	<u>5.048</u>	<u>1.957</u>	<u>1.630</u>

15 Equity

Group

	Share capital	Retained earnings	Parent company shareholder s share of equity	Minority interests	Total
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Equity at 1 January 2016	15.000	85.724	100.724	8.011	108.735
Exchange adjustments	0	-4.735	-4.735	-159	-4.894
Fair value adjustment of hedging instruments, end of year	0	2.819	2.819	0	2.819
Tax on equity adjustments	0	-691	-691	0	-691
Dividend paid	0	0	0	-2.432	-2.432
Net profit/loss for the year	0	33.114	33.114	2.230	35.344
Equity at 31 December 2016	<u>15.000</u>	<u>116.231</u>	<u>131.231</u>	<u>7.650</u>	<u>138.881</u>

The share capital consists of 15.000.000 shares of a nominal amount of DKK 1. No shares carry any special rights.

Share capital for the past five years is specified as follows:

	2016	2015	2014	2013	2012
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Share capital	<u>15.000</u>	<u>15.000</u>	<u>15.000</u>	<u>15.000</u>	<u>15.000</u>

Notes to the Annual Report

15 Equity (continued)

Parent Company

	Share capital	Reserve according to development costs	Reserve according to the equity method	Retained earnings	Total
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Equity at 1 January 2016	15.000	0	0	85.724	100.724
Exchange adjustments	0	0	0	-4.735	-4.735
Fair value adjustment of hedging instruments, end of year	0	0	0	2.118	2.118
Tax on equity adjustments	0	0	0	-466	-466
Adjustments in subsidiaries	0	0	0	514	514
Other equity adjustments	0	0	0	-38	-38
Net profit/loss for the year	0	1.847	13.276	17.991	33.114
Equity at 31 December 2016	15.000	1.847	13.276	101.108	131.231

The share capital consists of 15.000.000 shares of a nominal amount of DKK 1. No shares carry any special rights.

Share capital for the past five years is specified as follows:

	2016	2015	2014	2013	2012
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Share capital	15.000	15.000	15.000	15.000	15.000

16 Warranty obligations

Within 1 year	4.723	3.404	3.194	2.875
	4.723	3.404	3.194	2.875

17 Other provisions

Other provisions are related to retirement obligations and provision to cylinder deposits.

Notes to the Annual Report

18 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term

The debt falls due for payment as specified below:

	Group		Parent Company	
	2016	2015	2016	2015
	DKK '000	DKK '000	DKK '000	DKK '000
Credit institutions				
Between 1 and 5 years	3.308	3.558	0	0
Long-term part	3.308	3.558	0	0
	3.308	3.558	0	0
Other payables				
Between 1 and 5 years	12.252	9.951	2.388	2.781
Long-term part	12.252	9.951	2.388	2.781
Within 1 year	298	7.301	0	6.937
	12.550	17.252	2.388	9.718

19 Contingent assets, liabilities and other financial obligations

Group

As per 31 December 2016 the group has an annual rent contract of DKK 7,035k with a maturity period of maximum 9,25 years. The Group's other annual operational rent and lease obligations as per 31 December 2016 amount to DKK 1,949k with a maturity period of maximum 3,6 years.

The Group's banks have at 31 December 2016 issued bank guarantees totalling DKK 239,517k towards the Group's customers and banks.

The Group is a party in a pending claim for damages related to product liability, and also a party in a mutual claim for contract breach. The outcome of these claims are expected not to constitute financial obligations on part of the Group beyond what is allocated in the Annual Report.

The inventory in the subsidiary in Siraga have been provided as security to credit institutions for a loan with a booked value at 1,000kEUR.

All business assets in the subsidiary in USA have been provided as security to credit institutions for a loan with a booked value at 190kUSD.

Notes to the Annual Report

19 Contingent assets, liabilities and other financial obligations *(continued)*

Parent Company

As per 31 December 2016 the Company has an annual rent contract of DKK 4,548k with a maturity period of maximum 9,25 years. The Company's other annual operational rent and lease obligations as per 31 December 2016 amount to DKK 608k with a maturity period of maximum 3,2 years.

The company's banks have at 31 December 2016 issued bank guarantees totalling DKK 106,526k towards the Group's customers, and DKK 2,788k towards banks in subsidiaries.

The company has issued a guarantee for PAM S.A.'s engagement with HSBC and BNP Paribas and for CPI S.A.'s engagement with Banco BPI for a total of EUR 10,100k.

The Company is a party in a pending claim for damages related to product liability. The outcome of the claim is expected not to constitute financial obligations on part of the Company beyond what is allocated in the Annual Report.

The Danish companies in the Group are subject to mandatory Danish national joint taxation. The jointly taxed companies share the liability for the Danish income tax etc.

20 Related parties and ownership

	<u>Basis</u>
Controlling interest	
Makeen Energy A/S, P.O. Pedersens Vej 22, 8200 Aarhus N	Majority shareholder
Al Ayuni Investment & Contracting Company That Alsawari, Al Wurud, Riyadh 12251, Saudi Arabia	Ultimate parent company
Other related parties	
Nørgaard Teknik A/S	A shareholder of the Company is member of the Executive Board

Transactions

The Company has received interest from Makeen Energy A/S for DKK 174k.

The group has purchased goods from Nørgaard Teknik A/S for DKK 8,108k on arms-length basis.

Apart from the above, there have been no transactions with the Supervisory Board, the Executive Board, senior employees or other related parties, except for intercompany transactions and normal management remuneration.

Ownership

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

Makeen Energy A/S
P.O. Pedersens Vej 22
DK-8200 Aarhus N

Notes to the Annual Report

21 Derivative financial instruments

It is group policy to hedge material expected currency cash flows in currencies not closely correlated to EUR.

Fair value of derivatives recognised in the balance sheets as of 31 December:

	Group		Parent Company	
	2016	2015	2016	2015
	DKK '000	DKK '000	DKK '000	DKK '000
Forward exchange contracts, USD/EUR	-17.599	-14.962	0	0
Forward exchange contracts, DKK/EUR	-4.181	-2.726	-4.181	-2.726
	-21.780	-17.688	-4.181	-2.726
Cash flow hedges	-19.887	-19.369	-2.288	-4.407
Fair value hedges	-1.893	1.681	-1.893	1.681
	-21.780	-17.688	-4.181	-2.726
Assets	0	2.419	0	2.419
Liabilities	-21.780	-20.107	-4.181	-5.145
	-21.780	-17.688	-4.181	-2.726

Gains and losses recognised in equity forward exchange contracts as of 31 December 2016 will be recognised in profit and loss in the periods during which the hedged forecasted transactions takes place (0-3 years).

	Group	
	2016	2015
	DKK '000	DKK '000
22 Cash flow statement - adjustments		
Financial income	-6.427	-1.928
Financial expenses	8.040	10.779
Income from investments in associates before tax	590	0
Depreciation of property, plant and machinery	12.743	8.192
Amortisation of intangible assets	3.957	5.979
Profit on sold assets	0	-14
Tax on profit/loss for the year	12.526	-713
Equity adjustments	-1.916	2.527
Change in minority interests' share of equity	-361	-1.546
Change in other provisions	-1.949	-2.083
	27.203	21.193

Notes to the Annual Report

23 Cash Flow Statement - change in working capital

Change in inventories	1.733	14.540
Change in receivables	-56.456	18.834
Change in contract work in progress	45.563	-5.370
Change in other receivables	4.558	2.491
Change in prepayments (assets)	1.260	-2.404
Change in prepayments from customers	21.048	14.741
Change in trade payables etc.	10.067	-13.085
Change in receivables from group enterprises	-1.457	-1.264
Change in other debt	18.764	-2.290
Change in deferred income	1.467	1.008
	<u>46.547</u>	<u>27.201</u>