

# **Kosan Crisplant a/s**

**Alsvej 21**

**DK-8940 Randers SV**

**CVR no 25 69 08 69**

## **Annual Report for 2018**

The Annual Report has been presented  
and adopted at the Annual General  
Meeting of the Company on 25 April  
2019

  
**Chairman Anders C. Anderson**

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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 2018 – 31 December 2018.

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 2018 of the Company and the Group and of the results of the Company and Group operations and consolidated cash flows for 2018.

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

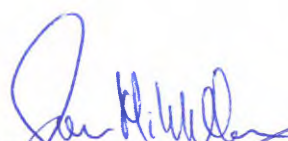
We recommend that the Annual Report be adopted at the Annual General Meeting.

Randers SV, 25 April 2019

### Executive Board



Anders C. Anderson  
CEO




Søren Mikkelsen  
CEO



Bent Lindrup Nielsen  
COO

### Supervisory Board



Abdulkareem Hamad Al-Ayuni  
Chairman



Adel Abdullah Alhamzah



Abdulaziz Sulaiman M  
Alhedithy



Steen Lykkegaard Winkler  
*Elected by the employees*



Heidi Jensen  
*Elected by the employees*

# Independent Auditors' report

To the Shareholder 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 2018, 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 2018 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 2018, 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.

## **Independent Auditors' report**

### **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.

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.

## Independent Auditors' report

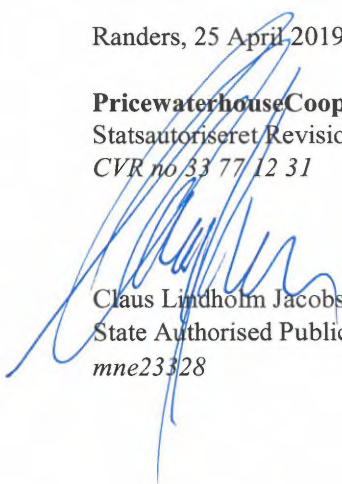
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- 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.

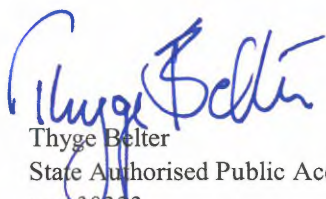
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Randers, 25 April 2019

**PricewaterhouseCoopers**  
Statsautoriseret Revisionspartnerselskab  
CVR no 33 77 12 31



Claus Lindholm Jacobsen  
State Authorised Public Accountant  
mne23328



Thyge Belter  
State Authorised Public Accountant  
mne30222

## Company information

### The Company

Kosan Crisplant a/s  
Alsvej 21  
DK-8940 Randers SV

Telephone: 87 40 30 00

Facsimile: 87 40 30 10

E-mail: sales@kosancrisplant.com

Website: www.kosancrisplant.com

CVR no 25 69 08 69

Financial period: 1 January - 31 December

Financial year: 19

Municipality of reg. office: Randers

### Supervisory Board

Abdulkareem Hamad Al-Ayuni (chairman)

Abdulaziz Sulaiman M Alhedithy

Adel Abdullah Alhamzah

Steen Lykkegaard Winkler

Heidi Jensen

### Executive Board

Anders C. Anderson

Søren Mikkelsen

Bent Lindrup Nielsen

### Auditors

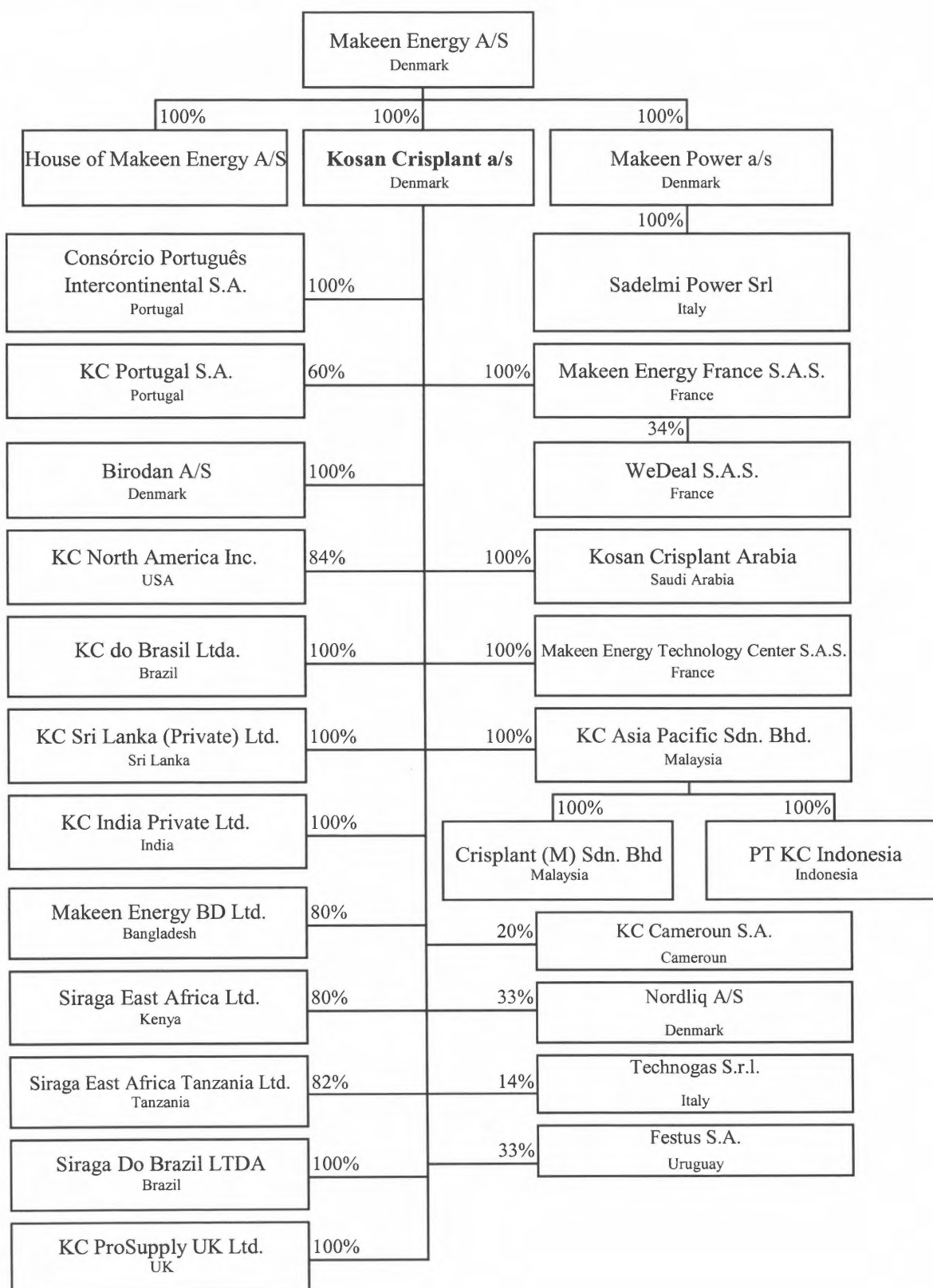
PricewaterhouseCoopers

Nobelparken

Jens Chr. Skous Vej 1

DK-8000 Aarhus C

## Group Overview





## Financial Highlights

	<b>Group</b>				
	2018	2017	2016	2015	2015/2014
	DKK mio.	DKK mio.	DKK mio.	DKK mio. (9 months)	DKK mio.
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	963,3	1.011,1	732,9	350,4	571,9
Gross profit/loss	230,7	235,4	198,9	82,4	137,2
EBITDA	73,4	87,7	66,6	4,2	50,2
EBITA	57,9	67,0	50,0	-5,5	38,1
Profit/loss before financial income and expenses	53,9	63,0	50,1	-9,9	25,9
Net financials	-4,9	-10,2	-2,2	-8,9	-3,9
Net profit/loss for the year after minority interests	26,9	34,0	33,1	-18,7	10,3
<b>Balance sheet</b>					
Balance sheet total	562,7	607,8	565,7	422,2	440,6
Investment in property, plant and equipment	11,8	19,8	23,7	11,6	14,8
Equity allocated to shareholders of the parent company	194,4	173,1	131,2	100,7	121,3
Average number of employees					
in Denmark	108	98	90	94	94
Average number of employees outside Denmark	864	839	738	538	470
<b>Ratios</b>					
<b>Ratios</b>					
Gross margin	24,0%	23,3%	27,1%	23,5%	24,0%
EBITDA margin	7,6%	8,7%	9,1%	1,2%	8,8%
EBITA margin	6,0%	6,6%	6,8%	-1,6%	6,7%
Profit margin	5,6%	6,2%	6,8%	-2,8%	4,5%
Return on assets	9,6%	10,4%	8,9%	-2,4%	5,9%
Solvency ratio	34,5%	28,5%	23,2%	23,9%	27,5%
Return on equity	14,6%	22,3%	25,2%	-16,8%	8,5%

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

## Management's 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- and LNG business 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 28.9 million versus 35.6 million in 2017. The result is negatively affected by lower activity and turnover compared to 2017 which is partly offset by higher contribution margin and cost savings. The result is lower than expected at the beginning of the year.

The financial year of 2018 started at a high level executing orders received in previous years. In the second half of 2018 the order intake has stabilized slightly lower than the same period of 2017, however; the current order pipeline indicates that order intake will remain at high level throughout 2019 and thus provide 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 2018 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), 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.

### 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.

## Management's Review

### *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.

### **Statutory statement on CSR according to section 99a of the Danish Financial Act**

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 business model is a combination of unique equipment, own manufactured parts and extensive services as well as third party components using the core competences of all employees for the benefit of our customers.

Through its parent company Makeen Energy A/S, the Group has joined the UN Global Compact in January 2018 and submitted its first Communication on Progress in January 2019, covering the financial year 2018. The 2018 report describes the Groups policies for environmental impact, labour- and human rights and anti corruption as well as actions taken during the last year and goals for the coming year.

The statutory statement on CSR according to section 99a of the Danish Financial Act is available at: <http://www.makeenenergy.com/home/about/statutory-statement-99a/>

### **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. It is the Company's policy that new members are elected based on qualifications and not gender or similar. The target shall be achieved in 2022. The composition of genders in the Board of Directors is unchanged in 2018 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 12% which is unchanged compared to 2017.

It is the policy to increase the number of females in these management levels, however it is the Company's policy that recruitments shall be based on qualifications and not gender or similar.

The composition of genders in the Company's other management levels are unchanged in 2018 as the Company has not recruited new employees at management level.

## **Management's Review**

### **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. In 2016 the Group acquired Siraga S.A.S and during 2017 the integration of Siraga was completed by merging Siraga S.A.S. and Makeen Energy France S.A.S. In 2018, to simplify the supply chain setup, a part of Makeen Energy France S.A.S. has been transferred to a new entity, Makeen Energy Technology Center S.A.S. The new entity is part of the global supply chain, while the commercial activities in the EMA-region are combined in Makeen Energy France S.A.S.

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.

### **Expectations for the Year Ahead**

For the financial year 2019 the Group expects to improve the operating profit.

### **Development**

This financial year, the Group has incurred expenses for development totalling DKK 4.1 million. DKK 0.3 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 3.8 million have been capitalised as development projects.

Development projects mainly consists of development of components, systems and software within the area of LPG filling plants.

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, project training 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 2018 is wholly owned by Makeen Energy A/S, Alsvej 21, DK-8940 Randers SV, Denmark.

## **Accounting Policies**

### **Basis of Preparation**

The Annual Report of Kosan Crisplant a/s for 2018 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 financial statements are presented in TDKK.

### **Change in accounting policies**

The accounting policy for measuring inventory has changed from the FIFO method to weighted average cost in 2018 and have an insignificant impact on the financial statement.

Apart from the above mentioned change there have been no change in the accounting policies 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

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.

## **Accounting Policies**

### **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.

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 line goodwill amortisation.

### **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.

## **Accounting Policies**

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.

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.

## **Accounting Policies**

### **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.

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.



## **Accounting Policies**

### **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.

### **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***

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.

## Accounting Policies

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. An amount equal to the recognised development projects are reserved in "Reserve according to development costs" under equity. The reserve comprises development costs recognised on 1 January 2016 or later. The reserve is reduced by amortisation and impairment losses on development projects.

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.

### 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.

## **Accounting Policies**

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).

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.

### **Deposits**

Deposits comprise prepaid deposits concerning rental agreements.

### **Inventories**

Inventories are measured at the lower of cost under the weighted average 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 with consideration for the 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.

## **Accounting Policies**

### **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.

### **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 year. 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.

## **Accounting Policies**

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.

### **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.

### **Deferred income**

Deferred income comprises amount received for goods or services which have not yet been delivered.

## **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.

## Accounting Policies

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

## Income Statement 1 January 2018 - 31 December 2018

	Note	Group		Parent Company	
		2018	2017	2018	2017
		DKK '000	DKK '000	DKK '000	DKK '000
<b>Revenue</b>	1	<b>963.299</b>	<b>1.011.135</b>	<b>433.018</b>	<b>365.848</b>
Cost of sales	3	-732.579	-775.775	-333.676	-288.178
<b>Gross profit/loss</b>		<b>230.720</b>	<b>235.360</b>	<b>99.342</b>	<b>77.670</b>
Distribution expenses	3	-98.490	-95.615	-40.291	-31.539
Administrative expenses	2, 3	-72.976	-72.578	-38.790	-30.380
<b>Operating profit/loss</b>		<b>59.254</b>	<b>67.167</b>	<b>20.261</b>	<b>15.751</b>
Other operating income		-1.340	-132	-1.365	-15
<b>EBITA</b>		<b>57.914</b>	<b>67.035</b>	<b>18.896</b>	<b>15.736</b>
Goodwill amortisation	9	-4.037	-4.077	0	0
<b>Profit/loss before financial income and expenses</b>		<b>53.877</b>	<b>62.958</b>	<b>18.896</b>	<b>15.736</b>
Income from investments in subsidiaries after tax	4	0	0	12.183	21.759
Income from investments in associates after tax		-678	-318	-678	-318
Financial income	5	6.144	3.171	5.686	4.811
Financial expenses	6	-10.325	-13.029	-2.529	-3.115
<b>Profit/loss before tax</b>		<b>49.018</b>	<b>52.782</b>	<b>33.558</b>	<b>38.873</b>
Tax on profit/loss for the year	7	-20.103	-17.135	-6.705	-4.889
<b>Net profit/loss for the year</b>		<b>28.915</b>	<b>35.647</b>	<b>26.853</b>	<b>33.984</b>
<b>Distribution of profit</b>	8				

## Balance Sheet 31 December 2018

Assets	Note	Group		Parent Company	
		2018	2017	2018	2017
		DKK '000	DKK '000	DKK '000	DKK '000
Goodwill		17.065	21.392	0	0
Completed development projects		3.814	7.723	3.296	6.108
Development projects in progress		2.992	1.370	2.992	1.370
<b>Intangible assets</b>	9	<b>23.871</b>	<b>30.485</b>	<b>6.288</b>	<b>7.478</b>
Land and buildings		6.778	7.899	0	0
Plant and machinery		15.712	41.552	396	665
Other fixtures and fittings, tools and equipment		15.304	17.671	7.340	6.529
Leasehold improvements		2.351	2.885	1.753	1.497
<b>Property, plant and equipment</b>	10	<b>40.145</b>	<b>70.007</b>	<b>9.489</b>	<b>8.691</b>
Investments in subsidiaries		0	0	147.940	140.314
Investments in associates		140	203	88	153
Other investments		0	84	0	0
Deposits		3.378	3.667	2.507	2.525
Receivables from subsidiaries		0	0	5.881	5.788
<b>Fixed asset investments</b>	11	<b>3.518</b>	<b>6.954</b>	<b>156.416</b>	<b>148.780</b>
<b>Fixed assets</b>		<b>67.534</b>	<b>104.446</b>	<b>172.193</b>	<b>164.949</b>
<b>Inventories</b>	12	<b>119.463</b>	<b>111.419</b>	<b>27.717</b>	<b>24.556</b>
Trade receivables		176.386	192.816	37.404	40.764
Contract work in progress	13	76.257	98.657	37.799	32.413
Receivables from group enterprises		17.510	15.854	95.094	80.427
Other receivables		19.678	21.238	7.146	4.579
Deferred tax asset	14	5.386	5.076	941	638
Prepayments	15	3.720	5.559	1.232	1.230
<b>Receivables</b>		<b>298.937</b>	<b>339.200</b>	<b>179.616</b>	<b>160.051</b>
<b>Cash at bank and in hand</b>		<b>76.791</b>	<b>52.741</b>	<b>9.573</b>	<b>10.214</b>
<b>Current assets</b>		<b>495.191</b>	<b>503.360</b>	<b>216.906</b>	<b>194.821</b>
<b>Assets</b>		<b>562.725</b>	<b>607.806</b>	<b>389.099</b>	<b>359.770</b>



## Balance Sheet 31 December 2018

### Liabilities and equity

	Note	Group		Parent Company	
		2018	2017	2018	2017
		DKK '000	DKK '000	DKK '000	DKK '000
Share capital		15.000	15.000	15.000	15.000
Net revaluation according to development costs		0	0	4.522	3.410
Net revaluation according to the equity method		0	0	53.183	39.154
Retained earnings		179.376	158.098	121.671	115.534
<b>Equity allocated to shareholders of the parent company</b>		<b>194.376</b>	<b>173.098</b>	<b>194.376</b>	<b>173.098</b>
Minority interests		4.934	5.690	0	0
<b>Share Capital</b>	16	<b>199.310</b>	<b>178.788</b>	<b>194.376</b>	<b>173.098</b>
Deficit, subsidiaries		0	0	20.526	10.610
Deficit, associates companies		467	0	467	0
Warranty obligations	17	4.760	6.436	2.829	4.178
Provision for deferred tax	14	22.485	17.528	20.858	16.828
Other provisions	18	21.470	30.358	701	511
<b>Provisions</b>		<b>49.182</b>	<b>54.322</b>	<b>45.381</b>	<b>32.127</b>
Credit institutions	19	4.897	7.640	0	0
Other payables	19	300	12.259	300	2.908
<b>Long-term debt</b>		<b>5.197</b>	<b>19.899</b>	<b>300</b>	<b>2.908</b>
Current portion of long-term debt	19	6.196	3.389	2.575	300
Credit institutions		4.028	21.902	5.732	17.835
Prepayments received from customers	13	116.668	110.491	47.347	31.345
Trade payables		102.160	140.695	53.242	41.275
Payables to group enterprises		311	1.929	15.202	35.530
Deferred income		4.169	1.689	1.929	0
Corporation tax		4.844	5.172	1.791	2.455
Other payables		70.660	69.530	21.224	22.897
<b>Short-term debt</b>		<b>309.036</b>	<b>354.797</b>	<b>149.042</b>	<b>151.637</b>
<b>Debt</b>		<b>314.233</b>	<b>374.696</b>	<b>149.342</b>	<b>154.545</b>
<b>Liabilities and equity</b>		<b>562.725</b>	<b>607.806</b>	<b>389.099</b>	<b>359.770</b>

## Balance Sheet 31 December 2018

	<u>Note</u>
Fee to auditors appointed at the general meeting	2
Contingent assets, liabilities and other financial obligations	20
Related parties and Group Annual Report	21
Derivative financial instruments	22
Subsequent events	23

## Statement of changes in equity

Group	Share capital	Retained earnings	Parent company shareholders share of equity	Minority interests	Total
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Equity at 1 January 2018	15.000	158.098	173.098	5.690	178.788
Exchange adjustments	0	-1.975	-1.975	-272	-2.247
Fair value adjustment of hedging instruments	0	-1.145	-1.145	0	-1.145
Tax on equity adjustments	0	252	252	0	252
Other equity adjustments	0	-2.706	-2.706	-964	-3.670
Dividend paid	0	0	0	-1.583	-1.583
Net profit/loss for the year	0	26.852	26.852	2.063	28.915
<b>Equity at 31 December 2018</b>	<b>15.000</b>	<b>179.376</b>	<b>194.376</b>	<b>4.934</b>	<b>199.310</b>

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 2018	15.000	3.410	39.154	115.534	173.098
Exchange adjustments	0	0	0	-1.873	-1.873
Fair value adjustment of hedging instruments	0	0	0	-1.145	-1.145
Tax on equity adjustments	0	0	0	252	252
Adjustments in subsidiaries	0	0	0	-2.809	-2.809
Net profit/loss for the year	0	1.112	14.029	11.712	26.853
<b>Equity at 31 December 2018</b>	<b>15.000</b>	<b>4.522</b>	<b>53.183</b>	<b>121.671</b>	<b>194.376</b>

## Cash Flow Statement 1 January 2018 - 31 December 2018

	<u>Note</u>	Group	
		2018	2017
		DKK '000	DKK '000
Net profit/loss for the year		28.915	35.647
Adjustments	24	48.792	66.133
Change in working capital	25	1.620	-54.488
<b>Cash flows from operating activities before financial income and expenses</b>		<b>79.328</b>	<b>47.292</b>
Financial income		6.144	3.171
Financial expenses		-10.325	-13.029
<b>Cash flows from ordinary activities</b>		<b>75.147</b>	<b>37.434</b>
Corporation tax paid		-15.532	-19.698
<b>Cash flows from operating activities</b>		<b>59.615</b>	<b>17.736</b>
Purchase of intangible assets		-3.942	-1.484
Purchase of property, plant and equipment		-11.821	-19.762
Fixed asset investments made		-7.083	-462
Sale of intangible assets		840	0
Sale of property, plant and equipment		2.874	6.014
Sale of fixed asset investments		4.218	468
<b>Cash flows from investing activities</b>		<b>-14.914</b>	<b>-15.226</b>
Raising of long-term debt		0	7.797
Repayment of long-term debt		-2.776	-367
<b>Cash flows from financing activities</b>		<b>-2.776</b>	<b>7.430</b>
<b>Change in cash and cash equivalents</b>		<b>41.924</b>	<b>9.940</b>
Cash and cash equivalents at 1 January 2018		30.839	20.899
<b>Cash and cash equivalents at 31 December 2018</b>		<b>72.763</b>	<b>30.839</b>
<b>Cash and cash equivalents are specified as follows:</b>			
Cash at bank and in hand		76.791	52.741
Credit institutions		-4.028	-21.902
<b>Cash and cash equivalents at 31 December 2018</b>		<b>72.763</b>	<b>30.839</b>

## Notes to the Annual Report

	<b>Group</b>		<b>Parent Company</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	DKK '000	DKK '000	DKK '000	DKK '000
<b>1 Revenue</b>				
<b>Geographical segments</b>				
Europe	159.266	265.971	62.726	65.567
Outside Europe	804.033	745.164	370.292	300.281
	<b>963.299</b>	<b>1.011.135</b>	<b>433.018</b>	<b>365.848</b>
<b>2 Fee to auditors appointed at the general meeting</b>				
<b>PricewaterhouseCoopers</b>				
Audit fee	497	632	331	330
Other assurance engagements	0	41	0	15
Tax assistance	116	87	70	70
Non-audit services	3	42	3	39
<b>Other audit companies</b>				
Audit fee and non-audit services	2.319	1.530	218	90
	<b>2.935</b>	<b>2.332</b>	<b>622</b>	<b>544</b>
<b>3 Staff</b>				
Wages and salaries	176.874	172.232	58.438	60.323
Pensions	14.503	14.020	4.463	4.254
Other social security expenses	26.270	21.503	994	941
	<b>217.647</b>	<b>207.755</b>	<b>63.895</b>	<b>65.518</b>
<b>Remuneration to the Executive and Supervisory Boards amounts to:</b>				
Executive Board	4.744	6.588	4.744	6.588
Supervisory Board	90	60	90	60
	<b>4.834</b>	<b>6.648</b>	<b>4.834</b>	<b>6.648</b>
* The booked salaries for the Executive boards for 2018 contains DKK 303k concerning bonus from previous years (2017: DKK 469k)				
<b>Average number of employees</b>	<b>972</b>	<b>937</b>	<b>141</b>	<b>130</b>

## Notes to the Annual Report

	<b>Parent Company</b>			
	2018		2017	
	DKK '000		DKK '000	
<b>4 Income from investments in subsidiaries after tax</b>				
Share of earnings of subsidiaries after tax	15.273		33.843	
Amortisation of goodwill	-3.090		-2.793	
	<b>12.183</b>		<b>31.050</b>	
Elimination intercompany profit	0		-9.291	
	<b>12.183</b>		<b>21.759</b>	
	<b>Group</b>		<b>Parent Company</b>	
	2018		2017	
	DKK '000		DKK '000	
<b>5 Financial income</b>				
Interest received from group enterprises	884	499	5.050	4.533
Exchange adjustments	3.880	1.060	599	278
Other financial income	1.380	1.612	37	0
	<b>6.144</b>	<b>3.171</b>	<b>5.686</b>	<b>4.811</b>
<b>6 Financial expenses</b>				
Interest expenses to group enterprises	0	0	0	211
Bank charges	3.912	4.609	1.754	2.150
Exchange adjustments	3.594	5.929	423	656
Other financial expenses	2.819	2.491	352	98
	<b>10.325</b>	<b>13.029</b>	<b>2.529</b>	<b>3.115</b>
<b>7 Tax on profit/loss for the year</b>				
Current tax for the year	15.204	20.536	2.726	5.642
Deferred tax for the year	4.647	2.521	3.727	-274
<b>Total tax for the year</b>	<b>19.851</b>	<b>23.057</b>	<b>6.453</b>	<b>5.368</b>
which breaks down as follows:				
Tax on profit/loss for the year	20.103	17.135	6.705	4.889
Tax on changes in equity	-252	5.922	-252	479
	<b>19.851</b>	<b>23.057</b>	<b>6.453</b>	<b>5.368</b>

## Notes to the Annual Report

	Group		Parent Company	
	2018	2017	2018	2017
	DKK '000	DKK '000	DKK '000	DKK '000
<b>8 Distribution of profit</b>				
<b>Proposed distribution of profit</b>				
Net revaluation according to the equity method	0	0	14.029	25.878
Net capitalized development costs	0	0	1.112	1.563
Minority interests' share of net profit/loss of subsidiaries	2.063	1.663	0	0
Retained earnings	26.852	33.984	11.712	6.543
	<b>28.915</b>	<b>35.647</b>	<b>26.853</b>	<b>33.984</b>

## 9 Intangible assets

Group	Goodwill	Develop- ment projects	Develop- ment projects in progress
	DKK '000	DKK '000	DKK '000
Cost at 1 January 2018	75.365	33.562	1.370
Exchange adjustments	130	30	0
Additions for the year	0	1.339	2.443
Transferred	0	821	-821
Disposals for the year	-606	-855	0
Cost at 31 December 2018	<b>74.889</b>	<b>34.897</b>	<b>2.992</b>
Amortisation at 1 January 2018	53.973	25.839	0
Exchange adjustments	80	33	0
Amortisation for the year	4.037	5.566	0
Reversal of impairment and amortisation of sold assets	-266	-355	0
Amortisation at 31 December 2018	<b>57.824</b>	<b>31.083</b>	<b>0</b>
<b>Carrying amount at 31 December 2018</b>	<b>17.065</b>	<b>3.814</b>	<b>2.992</b>
Amortised over	5-10 years	3-5 years	
Amortisation and impairment of intangible assets are recognised in the following items:			
Cost of sales			5.566
Amortisation, goodwill			4.037
			<b>9.603</b>

## Notes to the Annual Report

### 9 Intangible assets (continued)

Parent Company	Goodwill	Develop- ment projects	Develop- ment projects in progress
	DKK '000	DKK '000	DKK '000
Cost at 1 January 2018	6.606	27.884	1.370
Additions for the year	0	1.339	2.443
Transferred	0	821	-821
Disposals for the year	0	-855	0
Cost at 31 December 2018	6.606	29.189	2.992
Amortisation at 1 January 2018	6.606	21.776	0
Amortisation for the year	0	4.472	0
Reversal of impairment and amortisation of sold assets	0	-355	0
Amortisation at 31 December 2018	6.606	25.893	0
<b>Carrying amount at 31 December 2018</b>	<b>0</b>	<b>3.296</b>	<b>2.992</b>
Amortised over	5-10 years	3-5 years	
Amortisation and impairment of intangible assets are recognised in the following items:			
Cost of sales			4.472
			<b>4.472</b>

#### 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, systems and software within the area of LPG filling plants. 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

### 10 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 2018	8.302	50.200	60.649	4.618
Adjustments	1.361	18.077	0	0
Exchange adjustments	-923	974	-346	8
Additions for the year	262	4.136	5.821	1.889
Disposals for the year	0	-36.878	-1.706	-3.868
Cost at 31 December 2018	<u>9.002</u>	<u>36.509</u>	<u>64.418</u>	<u>2.647</u>
Impairment losses and depreciation at 1 January 2018	403	8.648	42.978	1.733
Adjustments	1.361	18.077	0	0
Exchange adjustments	-77	440	-168	1
Depreciation for the year	537	4.639	6.499	299
Reversal of impairment and depreciation of sold assets	0	-11.007	-195	-1.737
Impairment losses and depreciation at 31 December 2018	<u>2.224</u>	<u>20.797</u>	<u>49.114</u>	<u>296</u>
<b>Carrying amount at 31 December 2018</b>	<b><u>6.778</u></b>	<b><u>15.712</u></b>	<b><u>15.304</u></b>	<b><u>2.351</u></b>
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:

	2018
	DKK '000
Cost of sales	5.037
Distribution expenses	3.902
Administrative expenses	3.035
	<u>11.974</u>

## Notes to the Annual Report

### 10 Property, plant and equipment (continued)

Parent Company	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK '000	DKK '000	DKK '000
Cost at 1 January 2018	1.997	35.705	2.938
Exchange adjustments	0	-61	0
Additions for the year	50	3.658	1.753
Disposals for the year	0	-865	-2.938
Cost at 31 December 2018	<u>2.047</u>	<u>38.437</u>	<u>1.753</u>
Impairment losses and depreciation at 1 January 2018	1.332	29.176	1.441
Exchange adjustments	0	-40	0
Depreciation for the year	319	2.826	220
Reversal of impairment and depreciation of sold assets	0	-865	-1.661
Impairment losses and depreciation at 31 December 2018	<u>1.651</u>	<u>31.097</u>	<u>0</u>
<b>Carrying amount at 31 December 2018</b>	<b><u>396</u></b>	<b><u>7.340</u></b>	<b><u>1.753</u></b>
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:

	2018
	DKK '000
Cost of sales	1.574
Distribution expenses	1.240
Administrative expenses	551
	<u>3.365</u>

## Notes to the Annual Report

### 11 Fixed assets investments

Group	Investments	Other	Deposits	
	in	investments		
	DKK '000	DKK '000	DKK '000	
Cost at 1 January 2018	3.067	68	3.667	
Exchange adjustments	8	0	-18	
Additions for the year	0	0	2.558	
Transferred	2.626	0	0	
Disposals for the year	0	-68	-2.829	
Cost at 31 December 2018	5.701	0	3.378	
Value adjustment at 1 January 2018	-2.864	16	0	
Exchange adjustments	-7	0	0	
Net profit/loss for the year	-1.083	-16	0	
Transferred	-2.074	0	0	
Adjustment of investments with negative net asset value	467	0	0	
Value adjustments at 31 December 2018	-5.561	0	0	
<b>Carrying amount at 31 December 2018</b>	<b>140</b>	<b>0</b>	<b>3.378</b>	
Parent Company	Investments	Investments	Deposits	Receivables
	in subsidiaries	in associates		from subsidiaries
	DKK '000	DKK '000	DKK '000	DKK '000
Cost at 1 January 2018	98.268	3.045	2.525	5.788
Exchange adjustments	0	5	0	18
Additions for the year	4.032	0	2.496	75
Transferred	-2.626	2.626	0	0
Disposals for the year	-10.505	0	-2.514	0
Cost at 31 December 2018	89.169	5.676	2.507	5.881
Value adjustment at 1 January 2018	42.046	-2.892	0	0
Exchange adjustments	-1.555	-6	0	0
Net profit/loss for the year	9.386	-1.083	0	0
Transferred	2.074	-2.074	0	0
Dividend to the Parent Company	-6.986	0	0	0
Disposals for the year	6.701	0	0	0
Other equity adjustments	-2.811	0	0	0
Adjustment of investments with negative net asset value	9.916	467	0	0
Value adjustment at 31 December 2018	58.771	-5.588	0	0
<b>Carrying amount at 31 December 2018</b>	<b>147.940</b>	<b>88</b>	<b>2.507</b>	<b>5.881</b>

## Notes to the Annual Report

### 11 Fixed assets investments (continued)

Remaining positive difference included in the above carrying amount at 31 December 2018 14.591

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	100%
- 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 India Private Ltd.	India	kINR 5.500	100%
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%
Makeen Energy France S.A.S.	France	kEUR 425	99,98%
- Alpillles Tech. Services S.A.(dormant)	France	TEUR 200	75%
Makeen Energy Technology Center S.A.S.	France	kEUR 200	100%
Siraga Do Brazil LTDA	Brazil	kBRL 2.365	100%
Siraga East Africa Ltd.	Kenya	kKES 100	80%
Siraga East Africa Tanzania Ltd.	Tanzania	kTZS 100.000	82%
Makeen Energy BD Ltd.	Bangladesh	kBDT 1.000	80%
Associates:			
Tecnogas S.r.L.	Italy	kEUR 347,5	14,79%
Festus S.A	Uruguay	USD 589,6	33,33%
Kosan Crisplant Cameroon S.A.	Cameroun	mXAF 2.086	20%
Nordliq A/S	Denmark	kDKK 700	33,33%
Weddeal S.A.S.	France	kEUR 10	34%
Branches:			
Kosan Crisplant a/s, India Branch	India		100%

## Notes to the Annual Report

	<b>Group</b>		<b>Parent Company</b>	
	2018	2017	2018	2017
	DKK '000	DKK '000	DKK '000	DKK '000
<b>12 Inventories</b>				
Raw materials and consumables	102.988	93.502	25.098	23.086
Work in progress	16.475	17.917	2.619	1.470
	<b>119.463</b>	<b>111.419</b>	<b>27.717</b>	<b>24.556</b>
<b>13 Contract work in progress</b>				
Selling price of production	1.025.090	882.559	382.145	277.399
Payments received on account	-1.065.501	-894.393	-391.693	-276.331
<b>Contract work in progress, net</b>	<b>-40.411</b>	<b>-11.834</b>	<b>-9.548</b>	<b>1.068</b>
Recognised in the balance sheet as follows:				
Contract work in progress recognised in assets	76.257	98.657	37.799	32.413
Prepayments received recognised in debt	-116.668	-110.491	-47.347	-31.345
	<b>-40.411</b>	<b>-11.834</b>	<b>-9.548</b>	<b>1.068</b>
<b>14 Provision for deferred tax</b>				
Fixed assets	-2.766	-5.166	-4.393	-5.866
Current assets	26.330	22.802	26.330	22.802
Debt	-412	-108	-412	-108
Tax loss carry-forward	-667	0	-667	0
	<b>22.485</b>	<b>17.528</b>	<b>20.858</b>	<b>16.828</b>
<b>Deferred tax asset</b>				
Debt	2.123	739	941	638
Tax loss carry-forward	3.263	4.337	0	0
	<b>5.386</b>	<b>5.076</b>	<b>941</b>	<b>638</b>

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

	<b>Group</b>		<b>Parent Company</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	DKK '000	DKK '000	DKK '000	DKK '000
<b>15 Prepayments</b>				
Prepayments	3.720	5.559	1.232	1.230
	<b>3.720</b>	<b>5.559</b>	<b>1.232</b>	<b>1.230</b>

### 16 Share Capital

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:

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Share capital	15.000	15.000	15.000	15.000	15.000

	<b>Group</b>		<b>Parent Company</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	DKK '000	DKK '000	DKK '000	DKK '000
<b>17 Warranty obligations</b>				
Within 1 year	4.760	6.436	2.829	4.178
	<b>4.760</b>	<b>6.436</b>	<b>2.829</b>	<b>4.178</b>

### 18 Other provisions

Other provisions are related to retirement obligations and provision for loss-making sales projects. In 2017 also contained provision to cylinder deposits.

## Notes to the Annual Report

### 19 Long-term debt

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

The debt falls due for payment as specified below:

	<b>Group</b>		<b>Parent Company</b>	
	2018	2017	2018	2017
	DKK '000	DKK '000	DKK '000	DKK '000
<b>Credit institutions</b>				
Between 1 and 5 years	4.897	7.640	0	0
Long-term part	4.897	7.640	0	0
	<b>4.897</b>	<b>7.640</b>	<b>0</b>	<b>0</b>
<b>Other payables</b>				
Between 1 and 5 years	300	12.259	300	2.908
Long-term part	300	12.259	300	2.908
Within 1 year	6.196	3.389	2.575	300
	<b>6.496</b>	<b>15.648</b>	<b>2.875</b>	<b>3.208</b>

### 20 Contingent assets, liabilities and other financial obligations

The future minimum lease payments under operating leases are as follows:

No later than 1 year	11.186	10.628	5.593	5.695
Later than 1 year and no later than 5 years	26.729	27.317	19.853	19.926
Later than 5 years	54.132	20.858	49.163	15.469
	<b>92.047</b>	<b>58.803</b>	<b>74.609</b>	<b>41.090</b>

#### Group

The Group's banks have at 31 December 2018 issued bank guarantees totalling DKK 148,713k towards the Group's customers and banks. The Group has deposited EUR 396k for guarantees.

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 Group has issued a guarantee for Makeen Energy France S.A.S.'s engagement with HSBC and BNP Paribas and for CPI S.A.'s engagement with Banco BPI for a total of EUR 4,700k. The company has issued a guarantee for Kosan Crisplant Lanka (Private) Ltd.'s engagement with Sampath Bank for total EUR 1,850k.

The Group has issued a surety guarantee for Makeen Energy A/S, Makeen Power A/S and Kosan Crisplant A/S' engagement with Nordea Bank for a total of DKK 65,000k.

All business assets in the subsidiary in USA have been provided as security to credit institutions for a loan with a booked value at 91kUSD.

## Notes to the Annual Report

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

#### **Parent Company**

The Company's banks have at 31 December 2018 issued bank guarantees totalling DKK 96,816k towards the Group's customers. The Group has deposited EUR 396k for guarantees.

The Company has issued a guarantee for Makeen Energy France S.A.S.'s engagement with HSBC and BNP Paribas and for CPI S.A.'s engagement with Banco BPI for a total of EUR 4,700k. The company has issued a guarantee for Kosan Crisplant Lanka (Private) Ltd.'s engagement with Sampath Bank for total EUR 1,850k.

The Company has issued a surety guarantee for Makeen Energy A/S, Makeen Power A/S and Kosan Crisplant A/S' engagement with Nordea Bank for a total of DKK 65,000k. The Company has also issued a guarantee for House of Makeen Energy A/S with the engagement with Nordea Bank for a total of DKK 65,000k.

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.

The parent Company has issued a limited parent guarantee to Kosan Crisplant Asia Pacific Sdn. Bhd. which expire at the next annual general meeting.

### 21 Related parties and Group Annual Report

#### **Transactions**

The Company has chosen only to disclose transactions which have not been made on arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

In 2018 the Company had no transactions with related parties, which are not on arm's length basis.

#### **Group Annual Report**

The Company is included in the Group Annual Report for the parent company Makeen Energy A/S and Ultimate parent company Al Ayuni Investment & Contracting Company.

The Group Annual Report can be obtained from the following address:

Makeen Energy A/S  
Alsvej 21  
8940 Randers SV  
Denmark

Al Ayuni Investment & Contracting Company  
That Alsawari, Al Wurud  
12251 Riyadh  
Saudi Arabia



## Notes to the Annual Report

### 22 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:

	<b>Group</b>		<b>Parent Company</b>	
	2018	2017	2018	2017
	DKK '000	DKK '000	DKK '000	DKK '000
Forward exchange contracts, DKK/USD	-833	479	-833	479
	<b>-833</b>	<b>479</b>	<b>-833</b>	<b>479</b>
Cash flow hedges	-947	94	114	94
Fair value hedges	114	385	-947	385
	<b>-833</b>	<b>479</b>	<b>-833</b>	<b>479</b>
Assets	0	479	0	479
Liabilities	-833	0	-833	0
	<b>-833</b>	<b>479</b>	<b>-833</b>	<b>479</b>

Gains and losses recognised in equity forward exchange contracts as of 31 December 2018 will be recognised in profit and loss in the periods during which the hedged forecasted transactions takes place (0-3 years).

### 23 Subsequent events

No events materially affecting the assessment of the financial position of the Company by 31 December 2018 have occurred after the balance sheet date.

## Notes to the Annual Report

	<b>Group</b>	
	2018	2017
	DKK '000	DKK '000
<b>24 Cash flow statement - adjustments</b>		
Financial income	-6.144	-3.171
Financial expenses	10.325	13.029
Income from investments in associates before tax	678	318
Income from other investments	16	0
Depreciation of property, plant and machinery	12.170	12.677
Amortisation of intangible assets	9.716	11.776
Tax on profit/loss for the year	20.103	17.135
Equity adjustments	-3.899	12.142
Change in minority interests' share of equity	-756	-1.960
Change in other provisions	6.583	4.187
	<b>48.792</b>	<b>66.133</b>
<b>25 Cash Flow Statement - change in working capital</b>		
Change in inventories	-8.044	-25.612
Change in receivables	15.182	-10.184
Change in contract work in progress	22.400	7.119
Change in other receivables	-60	-4.866
Change in prepayments (assets)	1.839	2.195
Change in prepayments from customers	6.177	17.012
Change in trade payables etc.	-37.341	-5.275
Change in receivables from group enterprises, net	-3.274	-11.204
Change in other debt	2.261	-22.031
Change in deferred income	2.480	-1.642
	<b>1.620</b>	<b>-54.488</b>