

Kosan Crisplant a/s

Alsvej 21

DK-8940 Randers SV

CVR no 25 69 08 69

Annual Report for 2019

The Annual Report has been presented
and adopted at the Annual General
Meeting of the Company on 12 May
2020


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 2019 – 31 December 2019.

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 2019 of the Company and the Group and of the results of the Company and Group operations and consolidated cash flows for 2019.

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, 12 May 2020

Executive Board



Anders C. Anderson
CEO



Søren Mikkelsen
CFO



Bent Lindrup Nielsen
COO

Supervisory Board



Abdulkareem Hamad Al-Ayuni
Chairman



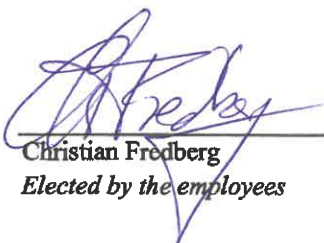
Adel Abdullah Alhamzah



Abdulaziz Sulaiman M
Alhedithy



Steen Lykkegaard Winkler
Elected by the employees



Christian Fredberg
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 2019, 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 2019 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 2019, 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.

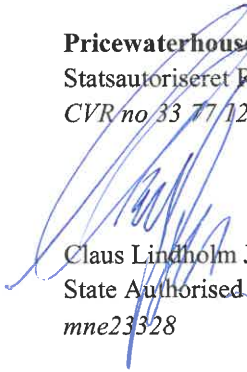
Independent Auditors' report

• 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 C, 12 May 2020

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

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Alsvej 21
DK-8940 Randers SV

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CVR no 25 69 08 69
Financial period: 1 January - 31 December
Financial year: 20
Municipality of reg. office: Randers

Supervisory Board

Abdulkareem Hamad Al-Ayuni (chairman)
Abdulaziz Sulaiman M Alhedithy
Adel Abdullah Alhamzah
Steen Lykkegaard Winkler
Christian Fredberg

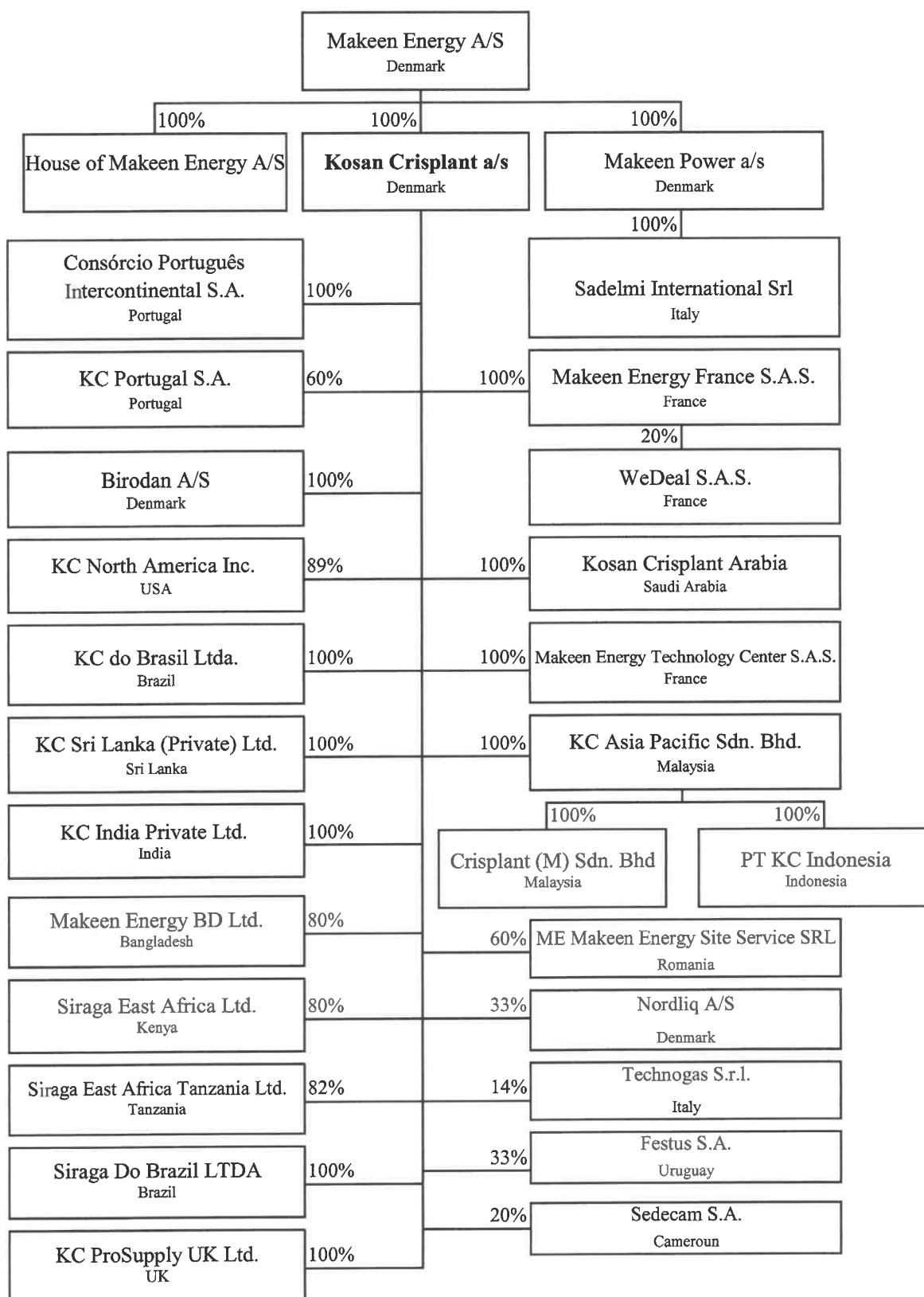
Executive Board

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				
	2019	2018	2017	2016	2015
	DKK mio.	DKK mio.	DKK mio.	DKK mio.	DKK mio. (9 months)
Key figures					
Profit/loss					
Revenue	871,1	963,3	1.011,1	732,9	350,4
Gross profit/loss	242,1	230,7	235,4	198,9	82,4
EBITDA	82,9	73,4	87,7	66,6	4,2
EBITA	69,0	57,9	67,0	50,0	-5,5
Profit/loss before financial income and expenses	65,1	53,9	63,0	50,1	-9,9
Net financials	-2,7	-4,9	-10,2	-2,2	-8,9
Net profit/loss for the year after minority interests	43,0	26,9	34,0	33,1	-18,7
Balance sheet					
Balance sheet total	606,3	562,7	607,8	565,7	422,2
Investment in property, plant and equipment	23,3	11,8	19,8	23,7	11,6
Equity allocated to shareholders of the parent company	237,0	194,4	173,1	131,2	100,7
Average number of employees					
in Denmark	107	108	98	90	94
outside Denmark	943	864	839	738	538
Ratios					
Ratios					
Gross margin	27,8%	24,0%	23,3%	27,1%	23,5%
EBITDA margin	9,5%	7,6%	8,7%	9,1%	1,2%
EBITA margin	7,9%	6,0%	6,6%	6,8%	-1,6%
Profit margin	7,5%	5,6%	6,2%	6,8%	-2,8%
Return on assets	10,7%	9,6%	10,4%	8,9%	-2,4%
Solvency ratio	39,1%	34,5%	28,5%	23,2%	23,9%
Return on equity	19,9%	14,6%	22,3%	25,2%	-16,8%

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 44.7 million versus 28.9 million in 2018. The result is negatively affected by lower activity and turnover compared to 2018 which is fully offset by higher contribution margin and cost savings. The result is lower than expected at the beginning of the year.

The financial year of 2019 started at a lower level compared to previous years. In the second half of 2019 the order intake has increased and thereby turnover has increased towards the end of the year. The current order pipeline indicates that order intake will remain at high level throughout 2020.

The sale of the Group's other products continued to develop positively throughout 2019 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. The 2019 report, that was released in January 2020, 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. Please refer to the statutory statement on CSR for additional information about the Group's social responsibility.

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 2019 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 2018.

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 industry is male-dominated, but the Company try to inspire women to apply for positions through various campaigns.

The composition of genders in the Company's other management levels are unchanged in 2019 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 2019 the Group has focused on optimizing internal processes and prepare the organisation for further growth in 2020.

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

The Group's primary line of business is within LPG and LNG, which are important energy resources in most countries of the world. In some markets the Group has received special permit to continue operation in spite of countrywide lock-down resulting in increased activity level. In other markets the Group has recorded a minor decrease in activities. So far the Group has not seen a significant impact from the COVID-19 pandemic, see also subsequent events disclosures in note 23. It is too early yet to give an opinion as to the extent of the overall implications on the Group's outlook, however, Management expect existing liquidity and credit lines continues to be sufficient.

For the financial year 2020 the Group expects to improve the operating profit.

Development

This financial year, the Group has incurred expenses for development totalling DKK 8.6 million. DKK 2.0 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 6.6 million have been capitalised as development projects.

Development projects mainly consists of components, systems and software within the area of LPG filling plants. The new developments is expected to lead to a 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 2019 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 2019 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.

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.

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.

Accounting Policies

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.

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 2019 - 31 December 2019

	Note	Group		Parent Company	
		2019	2018	2019	2018
		DKK '000	DKK '000	DKK '000	DKK '000
Revenue	1	871.061	963.299	413.283	433.018
Cost of sales	3	-629.002	-732.579	-315.561	-333.676
Gross profit/loss		242.059	230.720	97.722	99.342
Distribution expenses	3	-101.224	-98.490	-44.671	-40.291
Administrative expenses	2, 3	-71.700	-72.976	-36.246	-38.790
Operating profit/loss		69.135	59.254	16.805	20.261
Other operating income		-140	-1.340	-202	-1.365
EBITA		68.995	57.914	16.603	18.896
Goodwill amortisation	9	-3.919	-4.037	0	0
Profit/loss before financial income and expenses		65.076	53.877	16.603	18.896
Income from investments in subsidiaries after tax	4	0	0	28.533	12.183
Income from investments in associates after tax		-892	-678	-892	-678
Financial income	5	4.832	6.144	5.422	5.686
Financial expenses	6	-6.669	-10.325	-1.624	-2.529
Profit/loss before tax		62.347	49.018	48.042	33.558
Tax on profit/loss for the year	7	-17.663	-20.103	-5.043	-6.705
Net profit/loss for the year		44.684	28.915	42.999	26.853
Distribution of profit	8				

Balance Sheet 31 December 2019

Assets	Note	Group		Parent Company	
		2019	2018	2019	2018
		DKK '000	DKK '000	DKK '000	DKK '000
Goodwill		13.224	17.065	0	0
Completed development projects		2.200	3.814	1.828	3.296
Development projects in progress		7.760	2.992	7.760	2.992
Intangible assets	9	23.184	23.871	9.588	6.288
Land and buildings		6.717	6.778	0	0
Plant and machinery		20.881	15.712	200	396
Other fixtures and fittings, tools and equipment		17.235	15.304	7.006	7.340
Leasehold improvements		5.618	2.351	5.082	1.753
Property, plant and equipment	10	50.451	40.145	12.288	9.489
Investments in subsidiaries		0	0	184.020	147.940
Investments in associates		2.297	140	1.037	88
Deposits		3.548	3.378	2.595	2.507
Receivables from subsidiaries		0	0	6.422	5.881
Fixed asset investments	11	5.845	3.518	194.074	156.416
Fixed assets		79.480	67.534	215.950	172.193
Inventories	12	122.514	119.463	25.665	27.717
Trade receivables		180.458	176.386	41.506	37.404
Contract work in progress	13	92.202	76.257	20.656	37.799
Receivables from group enterprises		22.163	17.510	136.183	95.094
Other receivables		23.041	19.678	7.464	7.146
Deferred tax asset	14	3.885	5.386	714	941
Prepayments	15	5.882	3.720	2.701	1.232
Receivables		327.631	298.937	209.224	179.616
Cash at bank and in hand		76.712	76.791	522	9.573
Current assets		526.857	495.191	235.411	216.906
Assets		606.337	562.725	451.361	389.099

Balance Sheet 31 December 2019

Liabilities and equity

	Note	Group		Parent Company	
		2019	2018	2019	2018
		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	7.514	4.522
Net revaluation according to the equity method		0	0	87.390	53.183
Retained earnings		221.981	179.376	127.077	121.671
Equity allocated to shareholders of the parent company		236.981	194.376	236.981	194.376
Minority interests		4.663	4.934	0	0
Total equity	16	241.644	199.310	236.981	194.376
Deficit, subsidiaries		0	0	34.562	20.526
Deficit, associates companies		0	467	0	467
Warranty obligations	17	4.355	4.760	1.246	2.829
Provision for deferred tax	14	12.272	22.485	9.360	20.858
Other provisions	18	21.729	21.470	656	701
Provisions		38.356	49.182	45.824	45.381
Credit institutions	19	4.541	4.897	0	0
Other payables	19	2.073	300	0	300
Long-term debt		6.614	5.197	0	300
Current portion of long-term debt	19	3.375	6.196	22.709	2.575
Credit institutions		31.873	4.028	23.101	5.732
Prepayments received from customers	13	68.855	116.668	17.435	47.347
Trade payables		121.424	102.160	40.227	53.242
Payables to group enterprises		2.945	311	28.901	15.202
Deferred income		3.455	4.169	768	1.929
Corporation tax		19.703	4.844	15.246	1.791
Other payables		68.093	70.660	20.169	21.224
Short-term debt		319.723	309.036	168.556	149.042
Debt		326.337	314.233	168.556	149.342
Liabilities and equity		606.337	562.725	451.361	389.099

Balance Sheet 31 December 2019

	<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 share of equity	Minority interests	Total
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Equity at 1 January 2019	15.000	179.376	194.376	4.934	199.310
Exchange adjustments	0	2.006	2.006	-394	1.612
Fair value adjustment of hedging instruments	0	935	935	0	935
Tax on equity adjustments	0	-206	-206	0	-206
Other equity adjustments	0	-3.130	-3.130	-629	-3.759
Dividend paid	0	0	0	-932	-932
Net profit/loss for the year	0	43.000	43.000	1.684	44.684
Equity at 31 December 2019	15.000	221.981	236.981	4.663	241.644

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 2019	15.000	4.522	53.183	121.671	194.376
Exchange adjustments	0	0	0	1.917	1.917
Fair value adjustment of hedging instruments	0	0	0	935	935
Tax on equity adjustments	0	0	0	-206	-206
Adjustments in subsidiaries	0	0	0	-3.040	-3.040
Net profit/loss for the year	0	2.992	34.207	5.800	42.999
Equity at 31 December 2019	15.000	7.514	87.390	127.077	236.981

Cash Flow Statement 1 January 2019 - 31 December 2019

	Note	Group	
		2019	2018
		DKK '000	DKK '000
Net profit/loss for the year		44.684	28.915
Adjustments	24	42.155	48.792
Change in working capital	25	-62.442	1.620
Cash flows from operating activities before financial income and expenses		24.397	79.328
Financial income		4.832	6.144
Financial expenses		-6.669	-10.325
Cash flows from ordinary activities		22.560	75.147
Corporation tax paid		-11.722	-15.532
Cash flows from operating activities		10.838	59.615
Purchase of intangible assets		-7.176	-3.942
Purchase of property, plant and equipment		-23.266	-11.821
Fixed asset investments made		-8.502	-7.083
Sale of intangible assets		129	840
Sale of property, plant and equipment		1.214	2.874
Sale of fixed asset investments		243	4.218
Cash flows from investing activities		-37.358	-14.914
Raising of long-term debt		3.305	0
Repayment of long-term debt		-4.709	-2.776
Cash flows from financing activities		-1.404	-2.776
Change in cash and cash equivalents		-27.924	41.924
Cash and cash equivalents at 1 January 2019		72.763	30.839
Cash and cash equivalents at 31 December 2019		44.839	72.763
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		76.712	76.791
Credit institutions		-31.873	-4.028
Cash and cash equivalents at 31 December 2019		44.839	72.763

Notes to the Annual Report

	Group		Parent Company	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	DKK '000	DKK '000	DKK '000	DKK '000
1 Revenue				
Geographical segments				
Europe	211.759	159.266	155.408	62.726
Outside Europe	659.302	804.033	257.875	370.292
	<u>871.061</u>	<u>963.299</u>	<u>413.283</u>	<u>433.018</u>
2 Fee to auditors appointed at the general meeting				
PricewaterhouseCoopers				
Audit fee	798	497	399	331
Tax assistance	158	116	107	70
Non-audit services	121	3	96	3
Other audit companies				
Audit fee and non-audit services	1.915	2.319	116	218
	<u>2.992</u>	<u>2.935</u>	<u>718</u>	<u>622</u>
3 Staff				
Wages and salaries	194.792	176.874	62.386	58.438
Pensions	12.006	14.503	4.511	4.463
Other social security expenses	26.757	26.270	1.282	994
	<u>233.555</u>	<u>217.647</u>	<u>68.179</u>	<u>63.895</u>
Remuneration to the Executive and Supervisory Boards amounts to:				
Executive Board	4.275	4.744	4.275	4.744
Supervisory Board	90	90	90	90
	<u>4.365</u>	<u>4.834</u>	<u>4.365</u>	<u>4.834</u>
* The booked salaries for the Executive boards for 2018 contains DKK 303k.				
Average number of employees	<u>1.050</u>	<u>972</u>	<u>131</u>	<u>141</u>

Notes to the Annual Report

	Parent Company			
	2019		2018	
	DKK '000	DKK '000	DKK '000	DKK '000
4 Income from investments in subsidiaries after tax				
Share of earnings of subsidiaries after tax			31.246	15.273
Amortisation of goodwill			-2.713	-3.090
			28.533	12.183
Elimination intercompany profit			0	0
			28.533	12.183
	Group		Parent Company	
	2019		2018	
	DKK '000	DKK '000	DKK '000	DKK '000
5 Financial income				
Interest received from group enterprises	1.009	884	5.123	5.050
Exchange adjustments	3.333	3.880	189	599
Other financial income	490	1.380	110	37
	4.832	6.144	5.422	5.686
6 Financial expenses				
Bank charges	3.829	3.912	1.251	1.754
Exchange adjustments	1.429	3.594	334	423
Other financial expenses	1.411	2.819	39	352
	6.669	10.325	1.624	2.529
7 Tax on profit/loss for the year				
Current tax for the year	26.581	15.204	16.520	2.726
Deferred tax for the year	-8.712	4.647	-11.271	3.727
Total tax for the year	17.869	19.851	5.249	6.453
which breaks down as follows:				
Tax on profit/loss for the year	17.663	20.103	5.043	6.705
Tax on changes in equity	206	-252	206	-252
	17.869	19.851	5.249	6.453

Notes to the Annual Report

	Group		Parent Company	
	2019	2018	2019	2018
	DKK '000	DKK '000	DKK '000	DKK '000
8 Distribution of profit				
Proposed distribution of profit				
Net revaluation according to the equity method	0	0	34.207	14.029
Net capitalized development costs	0	0	2.992	1.112
Minority interests' share of net profit/loss of subsidiaries	1.684	2.063	0	0
Retained earnings	43.000	26.852	5.800	11.712
	44.684	28.915	42.999	26.853
9 Intangible assets				
Group	Goodwill	Develop-ment projects	Develop-ment projects in progress	
	DKK '000	DKK '000	DKK '000	
Cost at 1 January 2019	74.889	34.897	2.992	
Exchange adjustments	620	-1	0	
Additions for the year	0	0	6.557	
Transferred	0	1.663	-1.663	
Disposals for the year	0	-9.340	-126	
Cost at 31 December 2019	75.509	27.219	7.760	
Amortisation at 1 January 2019	57.824	31.083	0	
Exchange adjustments	542	0	0	
Amortisation for the year	3.919	3.273	0	
Reversal of impairment and amortisation of disposed assets	0	-9.337	0	
Amortisation at 31 December 2019	62.285	25.019	0	
Carrying amount at 31 December 2019	13.224	2.200	7.760	
Amortised over	5-10 years	3-5 years		
Amortisation and impairment of intangible assets are recognised in the following items:				
Cost of sales				3.273
Amortisation, goodwill				3.919
				7.192

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 2019	6.606	29.189	2.992
Additions for the year	0		6.557
Transferred	0	1.663	-1.663
Disposals for the year	0	0	-126
Cost at 31 December 2019	6.606	30.852	7.760
Amortisation at 1 January 2019	6.606	25.893	0
Amortisation for the year	0	3.131	0
Amortisation at 31 December 2019	6.606	29.024	0
Carrying amount at 31 December 2019	0	1.828	7.760
Amortised over	5-10 years	3-5 years	
Amortisation and impairment of intangible assets are recognised in the following items:			
Cost of sales			3.131
			3.131

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 up 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.

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10 Property, plant and equipment

Group	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improve- ments
	DKK '000	DKK '000	DKK '000	DKK '000
Cost at 1 January 2019	9.002	36.509	64.418	2.647
Exchange adjustments	328	649	236	-1
Additions for the year	236	9.914	8.061	3.843
Transferred	0	0	-90	90
Disposals for the year	0	-11.100	-4.682	0
Cost at 31 December 2019	<u>9.566</u>	<u>35.972</u>	<u>67.943</u>	<u>6.579</u>
Impairment losses and depreciation at 1 January 2019	2.224	20.797	49.114	296
Exchange adjustments	113	277	166	0
Depreciation for the year	512	3.937	6.076	665
Reversal of impairment and depreciation of sold assets	0	-9.920	-4.648	0
Impairment losses and depreciation at 31 December 2019	<u>2.849</u>	<u>15.091</u>	<u>50.708</u>	<u>961</u>
Carrying amount at 31 December 2019	<u>6.717</u>	<u>20.881</u>	<u>17.235</u>	<u>5.618</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:

	2019
	DKK '000
Cost of sales	5.407
Distribution expenses	2.741
Administrative expenses	3.042
	<u>11.190</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 2019	2.047	38.437	1.753
Exchange adjustments	-1	10	-1
Additions for the year	0	2.832	3.843
Disposals for the year	0	-63	63
Cost at 31 December 2019	2.046	41.216	5.658
Impairment losses and depreciation at 1 January 2019	1.651	31.097	0
Exchange adjustments	0	4	0
Depreciation for the year	195	3.109	576
Impairment losses and depreciation at 31 December 2019	1.846	34.210	576
Carrying amount at 31 December 2019	200	7.006	5.082
Depreciated over	2-10 years	2-10 years	5-12 years

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

	2019
	DKK '000
Cost of sales	1.610
Distribution expenses	1.444
Administrative expenses	826
	3.880

Notes to the Annual Report

11 Fixed assets investments

Group	Investments in associates	Deposits
	DKK '000	DKK '000
Cost at 1 January 2019	5.701	3.378
Exchange adjustments	26	14
Additions for the year	2.837	399
Disposals for the year	0	-243
Cost at 31 December 2019	<u>8.564</u>	<u>3.548</u>
Value adjustment at 1 January 2019	-5.561	0
Exchange adjustments	-15	0
Net profit/loss for the year	-224	0
Adjustment of investments with negative net asset value	-467	0
Value adjustments at 31 December 2019	<u>-6.267</u>	<u>0</u>
Carrying amount at 31 December 2019	<u>2.297</u>	<u>3.548</u>

Parent Company	Investments in subsidiaries	Investments in associates	Deposits	Receivables from subsidiaries
	DKK '000	DKK '000	DKK '000	DKK '000
Cost at 1 January 2019	89.169	5.676	2.507	5.881
Exchange adjustments	0	0	0	2
Additions for the year	1.194	1.628	88	614
Disposals for the year	0	0	0	-75
Cost at 31 December 2019	<u>90.363</u>	<u>7.304</u>	<u>2.595</u>	<u>6.422</u>
Value adjustment at 1 January 2019	58.771	-5.588	0	0
Exchange adjustments	1.987	12	0	0
Net profit/loss for the year	28.531	-224	0	0
Dividend to the Parent Company	-6.628	0	0	0
Other equity adjustments	-3.040	0	0	0
Adjustment of investments with negative net asset value	14.036	-467	0	0
Value adjustment at 31 December 2019	<u>93.657</u>	<u>-6.267</u>	<u>0</u>	<u>0</u>
Carrying amount at 31 December 2019	<u>184.020</u>	<u>1.037</u>	<u>2.595</u>	<u>6.422</u>

Notes to the Annual Report

11 Fixed assets investments (continued)

Remaining positive difference included in the above carrying amount at 31 December 2019 11.878

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	kMYR 750	100%
- Kosan Crisplant Indonesia, PT	Indonesien	mIDR 1.995	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	89%
Kosan Crisplant Portugal S.A.	Portugal	kEUR 100	60%
Makeen Energy France S.A.S.	France	kEUR 425	99,98%
- Alpillis 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 19.400	80%
ME Makeen Energy Site Services SRL	Romania	RON 200	60%
Associates:			
Tecnogas S.r.L.	Italy	kEUR 347,5	14,79%
Festus S.A	Uruguay	USD 589,6	33,33%
Sedecam S.A.	Cameroun	mXAF 2.522	20%
Nordliq A/S	Denmark	kDKK 700	33,33%
Weddeal S.A.S.	France	kEUR 822	20,12%
Branches:			
Kosan Crisplant a/s, India Branch	India		100%

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	Group		Parent Company	
	2019	2018	2019	2018
	DKK '000	DKK '000	DKK '000	DKK '000
12 Inventories				
Raw materials and consumables	112.256	102.988	25.530	25.098
Work in progress	10.258	16.475	135	2.619
	122.514	119.463	25.665	27.717
13 Contract work in progress				
Selling price of production	773.473	1.025.090	228.413	382.145
Payments received on account	-750.126	-1.065.501	-225.192	-391.693
Contract work in progress, net	23.347	-40.411	3.221	-9.548
Recognised in the balance sheet as follows:				
Contract work in progress recognised in assets	92.202	76.257	20.656	37.799
Prepayments received recognised in debt	-68.855	-116.668	-17.435	-47.347
	23.347	-40.411	3.221	-9.548
14 Provision for deferred tax				
Fixed assets	833	-2.766	-2.370	-4.393
Current assets	13.012	26.330	13.056	26.330
Debt	-1.326	-412	-1.326	-412
Tax loss carry-forward	-247	-667	0	-667
	12.272	22.485	9.360	20.858
Deferred tax asset				
Fixed assets	289	0	87	0
Current assets	1.695	0	442	0
Debt	1.428	2.123	185	941
Tax loss carry-forward	473	3.263	0	0
	3.885	5.386	714	941

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

	Group		Parent Company	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	DKK '000	DKK '000	DKK '000	DKK '000
15 Prepayments				
Prepayments	5.882	3.720	2.701	1.232
	5.882	3.720	2.701	1.232

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Share capital	15.000	15.000	15.000	15.000	15.000

	Group		Parent Company	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	DKK '000	DKK '000	DKK '000	DKK '000
17 Warranty obligations				
Within 1 year	4.355	4.760	1.246	2.829
	4.355	4.760	1.246	2.829

18 Other provisions

Other provisions are related to retirement obligations and provision for loss-making sales projects.

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:

	Group		Parent Company	
	2019	2018	2019	2018
	DKK '000	DKK '000	DKK '000	DKK '000
Credit institutions				
Between 1 and 5 years	4.541	4.897	0	0
Long-term part	4.541	4.897	0	0
	4.541	4.897	0	0
Loans from group enterprises				
Within 1 year	0	0	22.409	0
	0	0	22.409	0
Other payables				
Between 1 and 5 years	2.073	300	0	300
Long-term part	2.073	300	0	300
Within 1 year	3.375	6.196	300	2.575
	5.448	6.496	300	2.875

20 Contingent assets, liabilities and other financial obligations

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

No later than 1 year	13.159	11.186	5.450	5.593
Later than 1 year and no later than 5 years	36.837	26.729	19.862	19.853
Later than 5 years	49.806	54.132	44.246	49.163
	99.802	92.047	69.558	74.609

Group

The Group's banks have at 31 December 2019 issued bank guarantees totalling DKK 148.838k 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.

Notes to the Annual Report

The Group has issued a guarantee for Makeen Energy France S.A.S.'s engagement with BNP Paribas and for CPI S.A.'s engagement with Banco BPI for a total of EUR 4,200k. 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 banks for a total of DKK 145,000k. Further the Group has issued a surety guarantee for House of Makeen Energy A/S's engagement with Nordea Bank for total DKK 7,000k.

The Group has issued a guarantee with security in plant and machinery with carrying amount of total USD 356k.

The Group has issued a guarantee with security in inventory and trade receivables with carrying amount of total INR 710.381k.

Notes to the Annual Report

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

Parent Company

The Company's banks have at 31 December 2019 issued bank guarantees totalling DKK 92.057k towards the Group's customers and banks.

The Company has issued a guarantee for Makeen Energy France S.A.S.'s engagement with BNP Paribas and for CPI S.A.'s engagement with Banco BPI for a total of EUR 4,200k. 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 145,000k. Further the Company has issued a surety guarantee for House of Makeen Energy A/S's engagement with Nordea Bank for total DKK 7,000k.

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 2019 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:

	Group		Parent Company	
	2019	2018	2019	2018
	DKK '000	DKK '000	DKK '000	DKK '000
Forward exchange contracts, DKK/USD	-324	-833	-324	-833
	-324	-833	-324	-833
Cash flow hedges	-324	-947	-324	114
Fair value hedges	0	114	0	-947
	-324	-833	-324	-833
Assets	0	0	0	0
Liabilities	-324	-833	-324	-833
	-324	-833	-324	-833

Gains and losses recognised in equity forward exchange contracts as of 31 December 2019 will be recognised in profit and loss in the periods during which the hedged forecasted transactions takes place (0-3 years).

23 Subsequent events

The implications of COVID-19 with many governments across the world deciding to lock-down their countries will have great impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Group.

At present time the Group has not recorded a decrease in the order intake and the execution of existing projects continue according to plan or with a minor delay. As such, the Group has not seen a significant impact from the COVID-19.

Management is monitoring developments closely. It is, however, too early yet to give an opinion as to whether and, if so, to what extent COVID-19 will impact revenue and earnings in 2020.

Notes to the Annual Report

	Group	
	2019	2018
	DKK '000	DKK '000
24 Cash flow statement - adjustments		
Financial income	-4.832	-6.144
Financial expenses	6.669	10.325
Income from investments in associates before tax	892	678
Income from other investments	0	16
Depreciation of property, plant and machinery	11.746	12.170
Amortisation of intangible assets	7.734	9.716
Tax on profit/loss for the year	17.663	20.103
Equity adjustments	2.700	-3.899
Change in minority interests' share of equity	-271	-756
Change in other provisions	-146	6.583
	42.155	48.792
25 Cash Flow Statement - change in working capital		
Change in inventories	-3.051	-8.044
Change in receivables	-4.072	15.182
Change in contract work in progress	-15.945	22.400
Change in other receivables	-3.363	-60
Change in prepayments (assets)	-2.162	1.839
Change in prepayments from customers	-47.813	6.177
Change in trade payables etc.	19.264	-37.341
Change in receivables from group enterprises, net	-2.019	-3.274
Change in other debt	-2.567	2.261
Change in deferred income	-714	2.480
	-62.442	1.620