Gazcon A/S

Oldvej 1 A
3540 Lynge

CVR no. 27 76 15 69

Annual report 2016

The annual report was presented and approved at the Company's annual general meeting on

21 June 2017

Joeri Ooms
chairman

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Gazcon A/S for the financial year 1 January – 31 December 2016.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Allerød, 21 June 2017
Executive Board:

Dalila Assous

Board of Directors:

Joeri Ooms Chairman	Bert Derom	Mats Thomas Dahlgren

Independent auditor's report

To the shareholder of Gazcon A/S

Qualified opinion

We have audited the financial statements of Gazcon A/S for the financial year 1 January – 31 December 2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, except for the possible effect on the comparative figures and the figures for this financial year of the matter described in the Basis for modified opinion paragraph, the financial statements give a true and fair view of the Entity's financial position at 31 December 2016 and of the results of its operations for the financial year 1 January – 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for Qualified Opinion

In connection with the Entity's financial statements for 2015, the valuation of work in progress gave rise to a modified opinion.

Accordingly, we are unable to determine whether the results of the Entity's operations and equity should have been adjusted at the beginning of the financial year. Therefore, we modify our opinion in respect of the comparative figures in the balance sheet and the possible effect thereof on the income statements for 2015 and 2016.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made 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 judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Independent auditor's report

Statement on the Management's review

Management is responsible for the Management's review.

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

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

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

Copenhagen, 21 June 2017
Deloitte
Statsautoriseret Revisionspartnerselskab
CVR no.33 96 35 56

Christian Sanderhage
State Authorised
Public Accountant

Management's review

Company details

Gazcon A/S
Oldvej 1 A
3540 Lynge

CVR no.:	27 76 15 69
Established:	28 May 2004
Registered office:	Allerød
Financial year:	1 January – 31 December

Board of Directors

Joeri Ooms, Chairman
Bert Derom
Mats Thomas Dahlgren

Executive Board

Dalila Assous

Auditor

Deloitte
Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
0900 Copenhagen C

Management's review

Operating review

Principal activities

The Company's activity is manufacturing gas generators for use in the production of nitrogen and oxygen and other related services.

Development in activities and finances

The Company's income statement for 2016 shows a loss of DKK 343 thousand against a profit DKK 12,810 thousand in 2015. At 31 December 2016, the balance sheet shows equity of DKK 15,820 thousand against DKK 21,164 thousand the year before.

Results are considered satisfactory.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2016	2015
Gross profit	2	4.089	29.223
Distribution costs	2	-1.893	-2.654
Administrative expenses	2	-2.326	-9.306
Operating profit/loss		-130	17.263
Other financial income		527	288
Other financial expenses		-638	-727
Profit/Loss from ordinary activities before tax		-241	16.824
Tax on profit/loss from ordinary activities	3	-102	-4.014
Profit/loss for the year		-343	12.810

Proposed distribution of profit/loss

Dividend for the financial year	3.000	5.000
Retained earnings	-3.343	7.810
	-343	12.810

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2016	2015
ASSETS			
Fixed assets			
Intangible assets	4		
Completed development projects		0	353
		0	353
Property, plant and equipment	5		
Other fixtures and fittings, tools and equipment		269	464
Leasehold improvements		164	231
		433	695
Fixed asset investments	6		
Deferred tax		1.707	873
		1.707	873
Fixed assets		2.140	1.921
Current assets			
Inventories			
Raw materials and consumables		1.369	9.114
Prepayments for goods		0	1.347
		1.369	10.461
Receivables			
Trade receivables		1.854	22.769
Contract work in progress		7.627	2.741
Receivables from group entities		10.465	10.660
Other short-term receivables		246	752
Prepayments		37	48
		20.229	36.970
Cash		2.096	5.516
Total current assets		23.694	52.947
TOTAL ASSETS		25.834	54.868

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2016	2015
EQUITY AND LIABILITIES			
Equity	7		
Contributed capital		500	500
Retained earnings		12.321	15.664
Proposed dividends for the year		3.000	5.000
Total equity		15.821	21.164
Provisions			
Other provisions		441	589
Total provisions		441	589
Liabilities other than provisions			
Current liabilities other than provisions			
Contract work in progress		375	5.660
Trade payables		1.148	6.391
Debt to group enterprises		3.046	11.766
Income tax payable		936	4.865
Other payables	8	4.067	4.433
		9.572	33.115
Liabilities other than provisions		9.572	33.115
EQUITY AND LIABILITIES		25.834	54.868
Unrecognised rental and lease commitments	9		
Contingent liabilities	10		

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Statement of changes in equity

DKK'000	Share capital	Retained earnings	Proposed dividends	Total
Equity at 1 January 2016	500	15.664	5.000	21.164
Distributed dividends	0	0	-5.000	-5.000
Transferred over the distribution of loss	0	-3.343	3.000	-343
Equity at 31 December 2016	500	12.321	3.000	15.821

Financial statements 1 January – 31 December

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1 Accounting policies

The annual report of Gazcon A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial statements Act governing reporting class B entities with addition of certain provisions for reporting class.

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015. This has entailed the following changes to recognition and measurement:

— Going forward, the residual value of intangible assets and property, plant and equipment must be reassessed on an ongoing basis. Pursuant to the transition provisions of the Act, any adjustments to residual values must be made prospectively as an accounting estimate without restatement of comparative figures and without effect on equity.

The changes have no monetary effect on the income statement or the balance sheet for 2016 or for the comparative figures.

Apart from the above, the accounting policies used in the preparation of the financial statements are consistent with those of last year.

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the

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1 Accounting policies (continued)

exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross Profit

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method)

Production costs

Production costs comprise expenses incurred to earn revenue for the financial year. Prpduction costs comprise direct and indirect costs for raw maerials and consumables, wages and salaries, rent and lease as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes ordinary write-down of inventories.

Also, provisions for loss contract work in progress are recognised under production costs.

Distribution costs

Distribution costs comprise costs incurred to distribute goods sold during the year and to conduct sales campaigns, etc., including costs relating to sales staff, advertising and exhibitions as well as depreciation.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management

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1 **Accounting policies (continued)**

Administrative expenses comprise expenses incurred during the year for management and administration of the Group, including expenses for administrative staff, Management, office premises, office expenses and depreciation.

Financial income and expenses

Other financial income comprises dividends etc received on other investments, interest income, net capital gains on transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses comprise interest expenses, net capital losses on transactions in foreing currencies as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

The Parent Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Parent Company is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in

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Notes

1 Accounting policies (continued)

the income statement as incurred.

The cost of development projects comprises costs that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using the estimated useful lives of the assets. Development projects are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

The depreciable amount, which is calculated as cost less any projected residual values after the end of the useful life, is depreciated on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

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

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1 **Accounting policies (continued)**

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials and consumables.

The net realisable value of inventories is calcualted as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Construction contracts

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the indicidual contracts in progress. Usually, the stage of completion is

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1 **Accounting policies (continued)**

determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Prepayments and deferred income

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank deposits.

Equity

Dividends

The expected dividends payment for the year is disclosed as a separate item under equity.

Provisions

Provisions comprise anticipated costs of non-recourse guarentee commitments, returns, loss on contract work in progress. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at value in use.

When it is probable that total costs will exceed total income from a construction contract, the total projected loss on the work is recognised as a provision. The provision is recognised as production costs.

Liabilities other than provisions

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

2 Staff costs

DKK'000	2016	2015
Wages and salaries	7.954	14.702
Pension costs	677	1.183
Other social security costs	257	224
	8.888	16.109
Average number of full time employees	15	26

3 Tax on profit/loss for the year

DKK'000	2016	2015
Current tax	-1.043	4.655
Change in deferred tax for the year	941	-641
	-102	4.014

Financial statements 1 January – 31 December

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4 Intangible assets

DKK'000	Completed development projects
Cost at 1 January 2016	669
Cost at 31 December 2016	669
Amortisation and impairment losses at 1 January 2016	-316
Amortisation	-353
Amortisation and impairment losses at 31 December 2016	-669
Carrying amount at 31 December 2016	0

5 Property, plant and equipment

DKK'000	Other fixtures and fittings, tools and equipment	Leasehold improvements
Cost at 1 January 2016	1.012	499
Cost at 31 December 2016	1.012	499
Depreciation and impairment losses at 1 January 2016	-548	-268
Depreciation	-195	-67
Depreciation and impairment losses at 31 December 2016	-743	-335
Carrying amount at 31 December 2016	269	164

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6 Investments

DKK'000	Deferred tax
Cost at 1 January 2016	873
Additions	834
Cost at 31 December 2016	1.707
Impairment losses at 1 January 2016	0
Impairment losses at 31 December 2016	0
Carrying amount at 31 December 2016	1.707

7 Equity

The share capital consists of 500 shares of a nominal value of DKK 1.000 each.

All shares rank equally.

8 Other short-term payables

DKK'000	2016	2015
Wages and salaries, personal income taxes, social security costs, etc payable	11	20
Holiday pay obligation	675	1.110
Other costs payable	3.381	3.303
	4.067	4.433

9 Unrecognised rental and lease commitments

Commitments under rental agreements or leases until expiry	837	1.705

Financial statements 1 January – 31 December

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10 Contingent liabilities

At 31 December 2016, guarantees concerning projects and rent issued totals DKK 1.438 thousand.

The Company participates in a Danish joint taxation arrangement in which Atlas Copco Kompres-sorteknik A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies. The jointly taxed companies' total known net liability in the joint taxation arrangement is stated in the financial statements of the administration company.

11 Ownership

The company has registered the following shareholder to hold more than 5 % of the voting share capial or og the nominal value of the share capital:

Atlas Copco AB, Sweden