

Gazcon A/S
Central Business Registration No
27761569
Oldvej 1A
DK-3540 Lynge

Annual report 2015

The Annual General Meeting adopted the annual report on 31.05.2016

Chairman of the General Meeting

Name: Joeri Ooms

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Entity details

Entity

Gazcon A/S
Oldvej 1A
DK-3540 Lyngø

Central Business Registration No: 27761569

Registered in: Allerød

Financial year: 01.01.2015 - 31.12.2015

Board of Directors

Joeri Ooms
Mats Thomas Dahlgren
Bert Derom

Executive Board

Bjarne Fog

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
P.O. Box 1600
0900 Copenhagen C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Gazcon A/S for the financial year 01.01.2015 - 31.12.2015.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Lynge, 31.05.2016

Executive Board

Bjarne Fog

Board of Directors

Joeri Ooms

Mats Thomas Dahlgren

Bert Derom

Independent auditor's reports

To the owner of Gazcon A/S

Report on the financial statements

We have audited the financial statements of Gazcon A/S for the financial year 01.01.2015 - 31.12.2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

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 as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of financial statements that give a true and fair view 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 Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the financial statements.

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

Qualification

Basis for qualified opinion

In connection with our audit, we did not obtain adequate audit evidence concerning the measurement of contract work in progress of DKK 2,741 at 31 December 2015. As a result, we qualify our opinion as to the measurement of contract work in progress at 31 December 2015 as well as qualify our opinion concerning the completeness and validity of the Company's gross profit of DKK 29,223 for 2015.

Qualified opinion

In our opinion, except for the possible effect of the matter described in Basis for qualified opinion paragraph, the financial statements give a true and fair view of the Company's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

Independent auditor's reports

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

København, 31.05.2016

Deloitte

Statsautoriseret Revisionspartnerselskab

Christian Sanderhage
State Authorised Public Accountant

CVR-nr. 33963556

Management commentary

Primary 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 2015 shows a profit of DKK 12,809 thousand against DKK 2,025 thousand in 2014. At 31 December 2015, the balance sheet shows equity of DKK 21,163 thousand against DKK 8,754 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.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied for these financial statements are consistent with those applied last year.

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 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 or loss

Gross profit or loss comprises revenue and production costs.

Accounting policies

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. Production costs comprise direct and indirect costs for raw materials 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 on contract work in progress are recognised under production costs.

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, advertising costs, travelling and entertainment expenses, etc as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment attached to the distribution process.

Administrative expenses

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationary and office supplies as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Other financial income

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

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

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Accounting policies

The Entity is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

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 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 acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

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

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

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 calculated 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.

Contract work in progress

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 individual contracts in progress. Usually, the stage of completion is 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

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Accounting policies

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. The proposed dividend for the financial year is disclosed as a separate item in equity.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

If goods are sold on approval, a provision is made for the mark-up on the goods estimated to be returned as well as any expenses related to the returns.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

Once it is likely that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Other financial liabilities

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.

Income statement for 2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Gross profit	1	29.223	12.748
Distribution costs	1	(2.654)	(3.120)
Administrative costs	1	<u>(9.307)</u>	<u>(6.430)</u>
Operating profit/loss		17.262	3.198
Other financial income		288	88
Other financial expenses		<u>(727)</u>	<u>(457)</u>
Profit/loss from ordinary activities before tax		16.823	2.829
Tax on profit/loss from ordinary activities	2	<u>(4.014)</u>	<u>(804)</u>
Profit/loss for the year		<u>12.809</u>	<u>2.025</u>
 Proposed distribution of profit/loss			
Dividend for the financial year		5.000	400
Retained earnings		<u>7.809</u>	<u>1.625</u>
		<u>12.809</u>	<u>2.025</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Completed development projects		353	576
Intangible assets	3	<u>353</u>	<u>576</u>
Other fixtures and fittings, tools and equipment		464	409
Leasehold improvements		231	345
Property, plant and equipment	4	<u>695</u>	<u>754</u>
Deferred tax		873	232
Fixed asset investments	5	<u>873</u>	<u>232</u>
Fixed assets		<u>1.921</u>	<u>1.562</u>
Raw materials and consumables		9.114	6.428
Work in progress		0	63
Manufactured goods and goods for resale		0	2.235
Prepayments for goods		1.347	2.750
Inventories		<u>10.461</u>	<u>11.476</u>
Trade receivables		22.769	8.649
Contract work in progress		2.741	0
Receivables from group enterprises		10.660	5.000
Other short-term receivables		752	826
Prepayments		48	47
Receivables		<u>36.970</u>	<u>14.522</u>
Cash		<u>5.516</u>	<u>1.337</u>
Current assets		<u>52.947</u>	<u>27.335</u>
Assets		<u>54.868</u>	<u>28.897</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Contributed capital	6	500	500
Retained earnings		15.663	7.854
Proposed dividend		5.000	400
Equity		<u>21.163</u>	<u>8.754</u>
Other provisions		589	350
Provisions		<u>589</u>	<u>350</u>
Contract work in progress		5.660	1.854
Trade payables		6.391	6.767
Debt to group enterprises		11.766	8.282
Income tax payable		4.865	0
Other payables	7	4.434	2.890
Current liabilities other than provisions		<u>33.116</u>	<u>19.793</u>
Liabilities other than provisions		<u>33.116</u>	<u>19.793</u>
Equity and liabilities		<u><u>54.868</u></u>	<u><u>28.897</u></u>
Unrecognised rental and lease commitments	8		
Contingent liabilities	9		

Statement of changes in equity for 2015

	Contri- buted capi- tal DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	500	7.854	400	8.754
Ordinary dividend paid	0	0	(400)	(400)
Profit/loss for the year	0	7.809	5.000	12.809
Equity end of year	500	15.663	5.000	21.163

Notes

	<u>2015</u> <u>DKK'000</u>	<u>2014</u> <u>DKK'000</u>
1. Staff costs		
Wages and salaries	14.702	13.765
Pension costs	1.183	1.072
Other social security costs	<u>224</u>	<u>289</u>
	<u>16.109</u>	<u>15.126</u>
	<u>2015</u> <u>DKK'000</u>	<u>2014</u> <u>DKK'000</u>
2. Tax on ordinary profit/loss for the year		
Current tax	4.655	1.394
Change in deferred tax for the year	(641)	(583)
Effect of changed tax rates	<u>0</u>	<u>(7)</u>
	<u>4.014</u>	<u>804</u>
		Completed develop- ment pro- jects DKK'000
3. Intangible assets		
Cost beginning of year		<u>669</u>
Cost end of year		<u>669</u>
Amortisation and impairment losses beginning of year		(93)
Amortisation for the year		<u>(223)</u>
Amortisation and impairment losses end of year		<u>(316)</u>
Carrying amount end of year		<u>353</u>

Notes

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
4. Property, plant and equipment		
Cost beginning of year	817	499
Additions	224	0
Disposals	(29)	0
Cost end of year	1.012	499
Depreciation and impairment losses beginning of the year	(408)	(154)
Depreciation for the year	(169)	(114)
Reversal regarding disposals	29	0
Depreciation and impairment losses end of the year	(548)	(268)
Carrying amount end of year	464	231
		Deferred tax DKK'000
5. Fixed asset investments		
Cost beginning of year		232
Additions		641
Cost end of year		873
Carrying amount end of year		873
	Par value DKK	Nominal value DKK'000
6. Contributed capital		
Ordinary shares	500	500
	500	500
	2015 DKK'000	2014 DKK'000
7. Other short-term payables		
Wages and salaries, personal income taxes, social security costs, etc. payable	20	88
Holiday pay obligation	1.110	1.097
Other costs payable	3.304	1.705
	4.434	2.890

Notes

	<u>2015</u> <u>DKK'000</u>	<u>2014</u> <u>DKK'000</u>
8. Unrecognised rental and lease commitments		
Commitments under rental agreements or leases until expiry	<u>1.705</u>	<u>2.517</u>

9. Contingent liabilities

At 31 December 2015, guarantees concerning projects and rent issued totals DKK 6,468 thousand.

The Company participates in a Danish joint taxation arrangement in which Atlas Copco Kompressorteknik 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.