NOVENCO FIRE FIGHTING A/S

Lille Tornbjerg Vej 30, Tornbjerg, 5220 Odense SØ

Company reg. no. 29 42 19 51

Annual report

1 January - 31 December 2017

The annual report have been submitted and approved by the general meeting on the 6 July 2018.

____

Erik Christensen
Chairman of the meeting

Contents

Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of NOVENCO FIRE FIGHTING A/S for the financial year 1 January to 31 December 2017.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2017 and of the company's results of its activities in the financial year 1 January to 31 December 2017.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Odense, 6 July 2018

Managing Director

Erik Christensen

Board of directors

Mary Elizabeth Johnston Chairman	Lars Erik Lunøe	Dagfinn Aas

Independent auditor's report

To the shareholder of NOVENCO FIRE FIGHTING A/S

Opinion

We have audited the annual accounts of NOVENCO FIRE FIGHTING A/S for the financial year 1 January to 31 December 2017, which comprise accounting policies used, profit and loss account, balance sheet, statement of changes in equity and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2017 and of the results of the company's operations for the financial year 1 January to 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Independent auditor's report

The management's responsibilities for the annual accounts

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

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

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

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.

Independent auditor's report

- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

Odense, 6 July 2018

PricewaterhouseCoopers
State Authorised Public Accountants
Company reg. no. 33 77 12 31

Poul Erik Jacobsen
State Authorised Public Accountant
MNE-nr. 10086

Company data

The company	NOVENCO FIRE FIGHTING A/S Lille Tornbjerg Vej 30, Tornbjerg 5220 Odense SØ	
	Company reg. no.	29 42 19 51
	Financial year:	1 January - 31 December
Board of directors	Mary Elizabeth Johnston, Chairman Lars Erik Lunøe Dagfinn Aas	
Managing Director	Erik Christensen	
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Rytterkasernen 21 5000 Odense C	

Management's review

The principal activities of the company

In 2017 the main activities of the company has been development of fire-fighting systems, product management and sales support of fire-fighting systems for the global Survitec network.

Uncertainties as to recognition or measurement

There is no uncertainty regarding recognition and measurement in the annual raport.

Development in activities and financial conditions

The company's income statement for 2017 shows a profit of KDKK 2.733, and the company's balance sheet per 31 December 2017 shows equity of KDKK 7.926.

Research and development

In 2017, a subsidy was received from the Danish maritime Fund for two projects.
The total grant/loan will amount to 3.150 KDKK. 2.521 KDKK Received in 2017

Significant events that have occurred after the end of the financial year

There have been no events after the financial year that could significantly affect the company's financial position.

Accounting policies used

The annual report for NOVENCO FIRE FIGHTING A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

The profit and loss account

Gross profit

The gross profit comprises the net turnover, production costs and other operating income.

Accounting policies used

Turnover

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Contract work in progress concerning construction contracts and services is recognised concurrently in the net turnover with the progress of the production. Thus the net turnover corresponds to the sales value of the completed productions of the year (the production method). The net turnover is recognised when the total income and costs of the contract and the scope of completion on the balance sheet date can be determined reliably, and when it is likely that the financial benefits will be received by the company.

The net turnover are measured at the received consideration and are recognised exclusive of value added tax and less discounts in connection with the sale.

Distribution costs

The distribution costs comprise costs which have been incurred for distribution of goods sold during the year and for sales campaigns carried out during the year. Additionally, costs for sales staff, costs for advertising and exhibitions, and depreciation are recognised in the profit and loss account.

Administration costs

Administration costs comprise costs which have been incurred during the year for management and administration, including costs for the administrative staff, the executive board, offices, stationery and office supplies, and depreciation.

Other operating expenses

Other operating expenses comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including losses on disposal of intangible and tangible fixed assets.

Net financials

Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

Accounting policies used

The balance sheet

Intangible fixed assets

Development projects, patents, and licences

Development costs and internally generated rights are recognised in the profit and loss account as costs in the acquisition year.

Patents and licenses are measured at cost with deduction of accrued amortisation. Patents are amortised on a straight-line basis over the remaining patent period, and licenses are amortised over the contract period, however, for a maximum of 10 years.

Gain and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price with deduction of sales costs and the book value at the time of the sale. Gain or loss are recognised in the profit and loss account as other operating income or other operating expenses respectively.

Writedown of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Financial fixed assets

Financial fixed assets comprise deposits.

Inventories

Inventories are measured at cost on basis of measured average prices. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

Accounting policies used

The cost for manufactured goods and works in progress comprises the cost for raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance of and depreciation on machinery, factory buildings and equipment applied during the production process, and costs for factory administration and factory management. Borrowing costs are not recognised in cost.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Equity

Reserves for development costs

Reserves for development costs comprise recognised development costs with deduction of related deferred tax liabilities. The reserves can not be used as dividend or for payment of losses. The reserves are reduced or dissolved if the recognised development costs are amortised or abandoned. This takes place by direct transfer to the distributable reserves of the equity.

Corporate tax and deferred tax

Current tax receivable and tax 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 previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Accounting policies used

Provisions

Provisions comprise expected costs for guarantee liabilities, loss on work in progress, restructuring, etc. Provisions are recognised when the company has a legal or actual liability which is due to a previous event and when it is likely that the settlement of the liability will result in expenditure of the financial resources of the company.

Other provisions comprise guarantee liabilities for repairs within the guarantee period. The provisions are measured at the net realisable value and recognised on basis of the obtained experience with guarantee work.

Liabilities

Liabilities are measured at amortised cost which usually corresponds to the nominal value.

Accrued expenses and deferred income

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.

Profit and loss account 1 January - 31 December

DKK in thousands.

Note		2017	2016
	Gross profit	**5.607**	**1.257**
	Distribution costs	-413	-224
	Administration costs	-1.374	-1.681
	Other operating costs	-349	-1.363
	Operating profit	**3.471**	**-2.011**
	Other financial income	20	1
2	Other financial costs	-50	-103
	Results before tax	**3.441**	**-2.113**
3	Tax on ordinary results	-708	465
	Results for the year	**2.733**	**-1.648**
	Proposed distribution of the results:		
	Allocated to other statutory reserves	7.643	0
	Allocated from results brought forward	-4.910	-1.648
	Distribution in total	**2.733**	**-1.648**

Balance sheet 31 December

DKK in thousands.

Note	Assets	2017	2016
	Fixed assets		
4	Completed development projects, including patents and similar rights arising from development projects	9.799	960
	Intangible fixed assets in total	9.799	960
	Deposits	80	80
	Financial fixed assets in total	80	80
	Fixed assets in total	**9.879**	**1.040**
	Current assets		
	Manufactured goods and trade goods	22	0
	Inventories in total	22	0
	Trade debtors	883	625
	Amounts owed by group enterprises	1.824	6.118
	Deferred tax assets	0	380
	Other debtors	459	504
	Accrued income and deferred expenses	10	0
	Debtors in total	3.176	7.627
	Available funds	2.636	1.607
	Current assets in total	**5.834**	**9.234**
	Assets in total	**15.713**	**10.274**

Balance sheet 31 December

DKK in thousands.

Note	Equity and liabilities	2017	2016
	Equity		
	Contributed capital	3.000	3.000
	Reserve for development expenditure	7.643	0
	Results brought forward	-2.717	2.193
	Equity in total	**7.926**	**5.193**
	Provisions		
	Provisions for deferred tax	912	0
	Other provisions	415	2.216
	Provisions in total	**1.327**	**2.216**
	Liabilities		
5	DMF Loan	2.521	0
	Long-term liabilities in total	2.521	0
	Prepayments received from customers	1.022	717
	Trade creditors	1.287	386
	Debt to group enterprises	314	0
	Other debts	1.201	1.423
	Accrued expenses and deferred income	115	339
	Short-term liabilities in total	3.939	2.865
	Liabilities in total	**6.460**	**2.865**
	Equity and liabilities in total	**15.713**	**10.274**

6 Contingencies

Statement of changes in equity

DKK in thousands.

	Contributed capital	Reserve for development expenditure	Results brought forward	In total
Equity 1 January 2017	3.000	0	2.193	5.193
Profit or loss for the year brought forward	0	0	-4.910	-4.910
Transferred from results brought forward	0	7.643	0	7.643
	3.000	**7.643**	**-2.717**	**7.926**

Notes

DKK in thousands.

		2017	2016
1.	**Staff matters**		
	Salaries and wages	3.055	2.725
	Pension costs	391	356
	Other costs for social security	54	36
		3.500	**3.117**
	Staff costs are recognised as follows in the profit and loss account:		
	Production costs	2.954	3.138
	Distribution costs	546	-21
		3.500	**3.117**
	Average number of employees	6	6
2.	**Other financial costs**		
	Financial costs, group enterprises	0	42
	Other financial costs	50	61
		50	**103**
3.	**Tax on ordinary results**		
	Adjustment for the year of deferred tax	1.292	-380
	Adjustment of tax for previous years	-584	-85
		708	**-465**

Notes

DKK in thousands.

		31/12 2017	31/12 2016
4.	**Completed development projects, including patents and similar rights arising from development projects**		
	Cost 1 January 2017	960	0
	Additions during the year	8.839	960
	Cost 31 December 2017	**9.799**	**960**
	Book value 31 December 2017	**9.799**	**960**

Development projecs relates to the development of new fire fighting solutions.

5.	**DMF Loan**		
	DMF Loan in total	**2.521**	**0**

The loan is granted for product development and is repaid as and if the products in question is profitable. The loan is interest-free.

6. Contingencies

Rent and leasing liabilities

	DKK in thousands
Rental liabilities, interminable 6 month	14
Contingent liabilities in total	**14**