Copenhagen Hydrogen Network A/S

Annual Report 2016

CVR 33 64 13 89

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 22 May 2017

Chairman

Copenhagen Hydrogen Network A/S, Høje Taastrupvej 42, DK-2630 Taastrup

CONTENT

Company information

Company	Copenhagen Hydrogen Network A/S Høje Taastrupvej 42 2630 Taastrup	
	Telephone Homepage	+45 7625 2525 www.airliquideadvancedbusiness.com
	CVR.No.:	33 64 13 89
	Date of inauguration:	2 May 2011
	Municipality of registered Office:	Høje Taastrup
	Financial period:	1 January - 31 December
Board of Directors	Xavier Pontone Laurent Ferenczi Jacob Bech Krogsgaard	(Chairman)
Management	Bruno Forget	
Auditor	Ernst & Young P/S Osvald Helmuths Vej 4 Postboks 250 2000 Frederiksberg	

STATEMENT BY THE MANAGEMENT ON THE ANNUAL REPORT

The Executive Board and Board of Directors have adopted the annual report for the year ended 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 position at 31 December 2016 of the comapny and of the results of the company operations for 2016.

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 is adopted by the company in general meeting.

Taastrup, 22 May 2017

Management:

Bruno Forget

Board of Directors:

Xavier Pontone (Chairman)

Laurent Ferenczi

Jacob Bech Krogsgaard

Independent auditor's report

To the shareholders of Copenhagen Hydrogen Network A/S

Opinion

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities 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.

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.

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 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 the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement 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 Company's internal control.

Independent auditor's report

- 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 conclusion is 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 note 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.

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 our procedures, 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 Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 22 May 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

[illegible] Petersen
State Authorised
Public Accountant

MANAGEMENT'S REVIEW

Main activity

The activities of the Company is to establish and operate a network of hydrogen refueling stations (HRS) in Denmark.

Development in the year

The Profit and Loss Account for the year 2016 shows a loss of DKK 3.032.702, and the Balance Sheet of the Company shows an equity of DKK 35.678.538.

Due to capital increase in 2016 with DKK 40.200.000 the equity is restored.

The Company's strategy is to operate a network of HRS in Denmark, where global automotive manufacturers will start sales of fuel cell electric vehicles (FCEV) in selected regions around the world, including Denmark.

The market for operation of HRS is still at an early non profitable stage. As a consequence of the low activity level and uncertainty about the future activity level, the management has decided a complete impairment of the purchased HRS to DKK 0.

Subsequent events

No events materially affecting the assessment of the Annual Report have occured after the balance sheet date.

COMPANY PROFIT AND LOSS ACCOUNT

	Note	2016	2 015
GROSS LOSS		-3 449 696	-3 042 333
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-384 903	0
Loss before financial income and expenses		-3 834 599	-3 042 333
Financiel expenses	1	-53 481	-72 704
Loss before tax		-3 888 080	-3 115 037
Tax on loss for the year	2	855 378	822 822
NET LOSS FOR THE YEAR		-3 032 702	-2 292 215

DISTRIBUTION OF LOSS

Proposed by the board to be disposed as follows:

Retained earnings		-3 032 702	-2 292 215

COMPANY BALANCE SHEET ON 31 DECEMBER 2016

NON CURRENT ASSETS	Note	2016	2 015
TANGIBLE FIXED ASSETS	3		
Land and building		655 800	0
Fixtures and fittings, plant and equipment		0	0
Property, plant and equipment in progress		16 321 820	0
		16 977 620	0
FINANCIAL ASSETS			
Deposit		52 000	52 000
TOTAL NON CURRENT ASSETS		17 029 620	52 000
CURRENT ASSETS			
Trade receivables		46 676	44 477
Receivables from group companies		17 740 204	0
Other receivables		684 989	338 726
Deferred tax assets	4	137 855	1 574 994
Corporation tax		2 292 518	3 709 702
Prepayments and accrued income		244 846	165 449
RECEIVABLES		21 147 088	5 833 348
CASH AT BANK AND IN HAND		226 232	1 128 160
TOTAL CURRENT ASSETS		21 373 320	6 961 508
TOTAL ASSETS		38 402 940	7 013 508

COMPANY BALANCE SHEET ON 31 DECEMBER 2016

EQUITY AND LIABILITIES	Note	2016	2 015
EQUITY			
Share capital		45 200 000	5 000 000
Retained earnings		-9 521 462	-6 488 762
TOTAL EQUITY	5	35 678 538	-1 488 762
CURRENT LIABILITIES			
Prepayed subsidies		1 075 513	860 411
Trade payables		550 831	128 409
Payables to group enterprises		2 689	6 505 812
Corporation tax		229 325	229 325
Other payables		866 044	778 313
TOTAL CURRENT LIABILITIES		2 724 402	8 502 270
TOTAL LIABILITIES AND EQUITY		38 402 940	7 013 508
CONTINGENT ASSETS, LIABILITIES AND OTHER OBLIGATIONS	6		
OWNERSHIP	7		

NOTES TO THE COMPANY ANNUAL ACCOUNTS

		2016	2 015
1	**Financiel expenses**		
	Interest group enterprises	38 586	57 650
	Others	14 895	15 054
		53 481	72 704

2	**Tax on profit/loss for the year**		
	Current tax for the year	-2 292 518	-2 154 379
	Deferred tax for the year	1 437 140	1 331 557
		-855 378	-822 822

3 **Tangible Fixed Assets**

	Land and building	Fixtures and fittings, plant and equipment	Property, plant and equipment in progress
Cost 1 January	0	33 996 316	0
Acquisitions	655 800	384 903	16 321 820
Cost at 31 December	655 800	34 381 219	16 321 820
Impairment losses and depreciation at 1 January	0	33 996 316	0
Impairment losses for the year	0	384 903	0
Impairment losses and depreciation at 31 December	0	34 381 219	0
Net book value at 31 December	655 800	0	16 321 820

4 **Provision for deferred tax assets**

The deferred tax asset consists of temporary differences in fixed assets.

5 **Equity**

	Share capital	Retained earnings	Total
Equity at 1 january	5 000 000	-6 488 762	-1 488 762
Capital increase	40 200 000		40 200 000
Loss for the year	0	-3 032 702	-3 032 702
Equity at 31 December	45 200 000	-9 521 462	35 678 538

The share capital consists of 45.200.000 shares of a nominal value of DKK 1. No shares carry any special rights. The shared capital in 2011 was DKK 500.000 and this was increased to DKK 5.000.000 in 2014 and to DKK 45.200.000 in 2016.

6 **Contingent assets, liabilities and other financial obligations**

Contingent liabilities

The Danish Air Liquide Group companies are jointly and severally liable for tax on the Group's jointly taxed income.

The Company has received funding for the construction and testing of tangible fixed assets. Grants received are offset against the tangible fixed assets in the amount of DKK 29 million. The subsidies are granted and received in accordance with agreed terms. The agreements have different terms and conditions involving compliance with terms including fixed future deadlines. If the agreed terms are not complied with fully or partially, there are clauses that make that contributors may demand full or partial repayment of the granted subsidies.

7 **Ownership**

The following shareholders are holding at least 5% of the share capital:

Air Liquide Advanced Business S.A., France

The Company is consolidated with the ultimate parent company, Air Liquide S.A. The consolidated financial statements can be obtained by reference to the company at 75, quai d'Orsay, 75321 Paris Cedex 7, France

ACCOUNTING POLICIES

Basis of preparation

The annual report of Selskab Copenhagen Hydrogen A/S for 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Effective 1 January 2016, the Company has adopted act no. 738 of 1 June 2015. This implies changes in the recognition and measurement in the following area:
Yearly reassessment of residual values of property, plant and equipment
In future, residual values of property, plant and equipment will be subject to annual reassessment. The Company has no significant residual values relating to property, plant and equipment other than those relating to the Company's land. Consequently, the change is made with future effect only as a change in accounting estimates with no impact on equity.

None of the above changes impacts on the income statement or the balance sheet for 2016 or the comparative figures.

In addition, the Company has decided to present its balance sheet in horizontal format where non-current and current assets and liabilities are broken down and comparative figures for 2015 are restated.

Apart from the above changes as well as new and changed presentation and disclosure requirements, which follow from act no. 738 of 1 June 2015, the accounting policies are consistent with those of last year.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised.Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amotisation, 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 exconomic benefits will 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.

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 date of payment are recognised in the 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.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

ACCOUNTING POLICIES

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when delivery and transfer of risk has been made before year end.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw metrials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the the entreprise, including gains and losses on the sale of intangible assets and property, plant and equipment.

Also included are revenues from grants for research and development where cost are expensed.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

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 is jointly taxed with other Danish companies wholly owned subsidiaries of the Air Liquide Group. The tax effect of the joint taxation is allocated to Danish entreprises in proportion to their taxable incomes.

ACCOUNTING POLICIES

Balance Sheet

Property, plant and equipment

Property, plant and quipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Costs comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the assets 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:

Fixtures and fittings, plant and equipment	4 years

Impairment of fixed assets

The carrying amounts of intangible assets and 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, the assets is written down to its lower recoverable amount.

Receivables

Receivables are measured at amortised cost, which is nomally equal to the nominal value. An impairment loss is recognised if there is objective evidence that a receivable is impaired. Impairment losses are calculated as the difference between the carrying amount of the receivables and the net present value of the expected cash flows, including the realisable value of any collateral received.

Prepayments

Prepayments is recorded as assets and reposted as cost in the period it concerns.

Cash

Cash comprise cash, which are subject to only minor risks of changes in value.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes 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 assets is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

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. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Liabilities

Financial liabilities comprising amounts owed to credit institutions, trade payables and payables to group enterprises are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost. Financial liabilities also include the capitalised residual lease liability in respect of finance leases. Other liabilities are measured at net realisable value.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Prepaid subsidies

Grants received prior to the incurrence of costs are recognized as a prepayment under liabilities. Grants will be recognised as other income when deprecations are recognised in income statement.