

# **Makeen Power A/S**

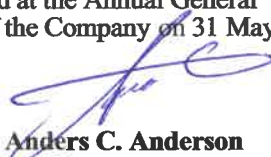
**Alsvej 21**

**DK-8940 Randers SV**

**CVR no 38 33 17 60**

## **Annual Report for 2018**

The Annual Report has been presented  
and adopted at the Annual General  
Meeting of the Company on 31 May  
2019



**Chairman Anders C. Anderson**

## Table of contents

	<u>Page</u>
<b>Management's Statement and Auditors' Report</b>	
Management's Statement on the Annual Report	1
Independent Auditors' report	2
<b>Management's Review</b>	
Company information	5
Management's Review	6
<b>Financial Statements</b>	
Accounting Policies	7
Income Statement 1 January - 31 December	12
Balance Sheet 31 December	13
Statement of changes in equity	15
Notes to the Annual Report	16

## Management's Statement on the Annual Report

The Executive and Supervisory Boards have today considered and adopted the Annual Report of Makeen Power A/S for the financial year 1 January 2018 – 31 December 2018.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Company and of the results of the Company operations for 2018.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Randers, 31 May 2019

### Executive Board



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Anders Bjørn  
CEO

### Supervisory Board



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Anders C. Anderson (chairman)



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Adel Abdullah Alhamzah



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Søren Mikkelsen



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Anders Bjørn

# Independent Auditors' report

To the Shareholders of Makeen Energy A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018, and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Makeen Power A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

## Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of the Company's 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.

## **Independent Auditors' report**

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 the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

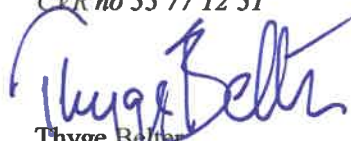
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

## **Independent Auditors' report**

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.

Randers, 31 May 2019

**PricewaterhouseCoopers**  
Statsautoriseret Revisionspartnerselskab  
CVR no 33 77 12 31



Thyge Belter  
State Authorised Public Accountant  
*mne30222*

## **Company information**

### **The Company**

Makeen Power A/S  
Alsvej 21  
DK-8940 Randers SV

CVR no 38 33 17 60

Financial period: 1 January - 31 December

Financial year: 2

Municipality of reg. office: Randers

### **Supervisory Board**

Anders C. Anderson (chairman)  
Adel Abdullah Alhamzah  
Søren Mikkelsen  
Anders Bjørn

### **Executive Board**

Anders Bjørn

### **Auditors**

PricewaterhouseCoopers  
Nobelparken  
Jens Chr. Skous Vej 1  
DK-8000 Aarhus C

## **Managements Review**

### **Main activities**

Makeen Power A/S is a turnkey power contractor to supply 360 degree solutions when it comes to establishing green, sustainable and flexible power plants tailored to customers' needs.

### **Development during the Year**

The result before tax for the year is a loss of DKK 2.092.362. The Company's financial year was largely affected by sales activities expected to benefit the Company in the coming years.

### **Capital Resources**

The Company has per 31 December 2018 lost more than half of the share capital. The Company is subject to the rules of loss of capital of the Danish Company Act. With reference to note 1 the Company expects to reestablish the share capital through future profit, alternatively through capital increase or conversion of debt.

### **Expectations for the Year Ahead**

For the financial year 2019 the Group expects to improve the operating profit.

### **Subsequent Events**

No events materially affecting the assessment of the financial position of the Company by 31 December 2018 have occurred after the balance sheet date.



## **Accounting Policies**

### **Basis of Preparation**

The Annual Report of Makeen Power A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to small enterprises of reporting class B with addition of a few optional items from class C.

The financial statement is presented in DKK.

### **Change in accounting policies**

The accounting policy for measure the inventory has change from FIFO to weighted average in 2018 and have an insignificant impact on the financials.

Apart from the above mentioned change there have been no change in the accounting policies compared to previous years.

### **Recognition and measurement**

The financial statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised costs are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

## **Accounting Policies**

### **Translation policies**

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Income statements of foreign subsidiaries are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

## **Income Statement**

### **Gross profit**

Gross profit consists of revenue, other revenues and costs, cost of goods sold and other external costs. With reference to Danish Financial Statements Act § 32, revenue is not shown in the financial statement.

### **Revenue**

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when the sale is considered effected based on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined; and payment has been received or may with reasonable certainty be expected to be received.

### **Cost of sales**

Cost of sales comprises costs incurred to achieve revenue for the year. Cost comprises purchases for projects, raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management of factories.

### **Administrative expenses**

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

## **Accounting Policies**

### **Income from investments in subsidiaries**

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year after tax.

### **Financial income and expenses**

Financial income and expenses comprise interest, realised and unrealised exchange adjustments, price adjustment of securities as well as extra payments and repayment under the on-account taxation scheme.

### **Tax on profit/loss for the year**

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company assesses for Danish tax purposes jointly with the Danish consolidated company. Foreign subsidiaries are not part of the joint taxation.

The effect of the joint taxation is divided among the involved companies according to the taxable profit or loss of each company. The companies that are part of the joint taxation are entered into the tax prepayment scheme.

## **Balance Sheet**

### **Investments in subsidiaries**

Investments in subsidiaries are recognised and measured under the equity method.

The items "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of any remaining value of positive differences (goodwill).

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in subsidiaries.

## **Accounting Policies**

### **Inventories**

Inventories are measured at the lower of cost under the weighted average method and net realisable value. The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales sum.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods, semi-finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

### **Receivables**

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

### **Deferred tax assets and liabilities**

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax jurisdiction.

## **Accounting Policies**

### **Current tax receivables and liabilities**

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

### **Financial debts**

Fixed-interest loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

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

## Income Statement 1 January 2018 - 31 December 2018

	Note	2018	2017
		DKK	DKK
<b>Operating profit/loss</b>		<b>-1.952.252</b>	<b>-1.560.873</b>
Income from investments in subsidiaries after tax		-17.473	0
Financial income	2	986	8.159
Financial expenses	3	-123.623	-914
<b>Profit/loss before tax</b>		<b>-2.092.362</b>	<b>-1.553.628</b>
Tax on profit/loss for the year	4	441.178	341.798
<b>Net profit/loss for the year</b>		<b>-1.651.184</b>	<b>-1.211.830</b>
<b>Distribution of profit</b>	5		

## Balance Sheet 31 December 2018

### Assets

	Note	2018	2017
		DKK	DKK
Investments in subsidiaries		355.892	0
<b>Fixed asset investments</b>		<b>355.892</b>	<b>0</b>
<b>Fixed assets</b>		<b>355.892</b>	<b>0</b>
<b>Inventories</b>		<b>217.215</b>	<b>150.458</b>
Trade receivables		10.099	250
Other receivables		2.686	0
Corporation tax		45.694	134.238
Deferred tax asset	6	603.044	207.560
<b>Receivables</b>		<b>661.523</b>	<b>342.048</b>
<b>Cash at bank and in hand</b>		<b>4.177</b>	<b>8.333</b>
<b>Current assets</b>		<b>882.915</b>	<b>500.839</b>
<b>Assets</b>		<b>1.238.807</b>	<b>500.839</b>

## Balance Sheet 31 December 2018

### Liabilities and equity

	Note	2018	2017
		DKK	DKK
Share capital	7	500.000	500.000
Retained earnings		-2.863.014	-1.211.830
<b>Equity</b>		<b>-2.363.014</b>	<b>-711.830</b>
Trade payables		6.323	144.141
Payables to group enterprises		3.580.498	1.040.032
Other payables		15.000	28.496
<b>Short-term debt</b>		<b>3.601.821</b>	<b>1.212.669</b>
<b>Debt</b>		<b>3.601.821</b>	<b>1.212.669</b>
<b>Liabilities and equity</b>		<b>1.238.807</b>	<b>500.839</b>

Going concern	1
Contingent assets, liabilities and other financial obligations	8
Related parties and Group Annual Report	9



## Statement of changes in equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January 2018	500.000	-1.211.830	-711.830
Net profit/loss for the year	0	-1.651.184	-1.651.184
<b>Equity at 31 December 2018</b>	<b>500.000</b>	<b>-2.863.014</b>	<b>-2.363.014</b>

## Notes to the Annual Report

### 1 Going concern

The Annual report is prepared under the condition of going concern. The Company has per 31 December 2018 lost more than half of the share capital. The Company expects to reestablish the share capital through future profit, alternatively through capital increase or conversion of debt.

Makeen Energy A/S who owns 100 % of the share capital has issued a limited parent guarantee which expire at the next annual general meeting. The guarantee secures the needed cash flow to ensure going concern of the Company.

	<u>2018</u>	<u>2017</u>
	DKK	DKK
<b>2 Financial income</b>		
Interest received from group enterprises	0	8.108
Exchange adjustments	986	51
	<u>986</u>	<u>8.159</u>
<b>3 Financial expenses</b>		
Interest expenses to group enterprises	121.005	0
Bank charges	1.903	914
Other interest	715	0
	<u>123.623</u>	<u>914</u>
<b>4 Tax on profit/loss for the year</b>		
Current tax for the year	45.694	134.238
Deferred tax for the year	395.484	207.560
<b>Total tax for the year</b>	<u>441.178</u>	<u>341.798</u>
which breaks down as follows:		
Tax on profit/loss for the year	441.178	341.798
Tax on changes in equity	0	0
	<u>441.178</u>	<u>341.798</u>
<b>5 Distribution of profit</b>		
<b>Proposed distribution of profit</b>		
Retained earnings	<u>-1.651.184</u>	<u>-1.211.830</u>
	<u>-1.651.184</u>	<u>-1.211.830</u>

## Notes to the Annual Report

	<u>2018</u>	<u>2017</u>
	DKK	DKK
<b>6 Deferred tax asset</b>		
Tax loss carry-forward	603.044	207.560
	<u>603.044</u>	<u>207.560</u>

Based on the budgets for the next three years, management has considered it likely that prior years tax losses and unused tax credits can be utilized within 3-5 years.

### 7 Equity

The share capital consists of 5.000 shares of a nominal amount of DKK 100. No shares carry any special rights.

Share capital for the past two years is specified as follows:

	<u>2018</u>	<u>2017</u>
	DKK	DKK
Share capital	500.000	500.000

### 8 Contingent assets, liabilities and other financial obligations

The company's bank has at December 31st 2018 issued a bank guarantee totalling DKK 514k towards the company's customers.

The Danish companies in the Group are subject to mandatory Danish national joint taxation. The jointly taxed companies share the liability for the Danish income tax etc.

The company has issued a surety guarantee for Makeen Energy A/S, Makeen Power A/S and Kosan Crisplant A/S' engagement with Nordea Bank for a total of DKK 185,000k.

The parent company has issued a limited parent guarantee to Makeen Power A/S which expire at the next annual general meeting.

## **Notes to the Annual Report**

### **9 Related parties and Group Annual Report**

#### **Transactions**

The Company has chosen only to disclose transactions which have not been made on arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

In 2018 the Company had no transactions with related parties, which are not on arm's length basis.

#### **Group Annual Report**

The Company is included in the Group Annual Report for the parent company Makeen Energy A/S and Ultimate parent company Al Ayuni Investment & Contracting Company.

The Group Annual Report can be obtained from the following address:

Makeen Energy A/S  
Alsvej 21  
8940 Randers SV  
Denmark

Al Ayuni Investment & Contracting Company  
That Alsawari, Al  
Wurud  
12251 Riyadh  
Saudi Arabia