
Envikraft A/S

Norgesvej 1, DK-9560 Hadsund

Annual Report for 1 July 2015 - 30 June 2016

CVR No 15 68 28 92

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
13/12 2016

Lars Thorsgaard Jensen
Chairman



Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report on the Financial Statements	2
Company Information	
Company Information	4
Management's Review	5
Financial Statements	
Income Statement 1 July - 30 June	6
Balance Sheet 30 June	7
Statement of Changes in Equity	9
Notes to the Financial Statements	10
Accounting Policies	14

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Envikraft A/S for the financial year 1 July 2015 - 30 June 2016.

The Annual Report is 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 at 30 June 2016 of the Company and of the results of the Company operations for 2015/16.

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

Hadsund, 13 December 2016

Executive Board

Michael Engsted

Board of Directors

Jacob Østergaard Bergenholtz
Chairman

David James Williams

Lars Thorsgaard Jensen

Søren Piilgaard Barkholt

Independent Auditor's Report on the Financial Statements

To the Shareholder of Envikraft A/S

Report on the Financial Statements

We have audited the Financial Statements of Envikraft A/S for the financial year 1 July 2015 - 30 June 2016, which comprise income statement, balance sheet, statement of changes in equity, notes and summary of significant accounting policies. 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 whether the Financial Statements are free from material misstatement.

An audit involves performing audit 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 misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company'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 Company'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 evaluating 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 audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 June 2016 and of the results of the Company operations for the financial year 1 July 2015 - 30 June 2016 in accordance with the Danish Financial Statements Act.

Independent Auditor's Report on the Financial Statements

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is in accordance with the Financial Statements.

Odense, 13 December 2016

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Line Hedam
State Authorised Public Accountant

Brian Petersen
State Authorised Public Accountant

Company Information

The Company

Envikraft A/S
Norgesvej 1
DK-9560 Hadsund

CVR No: 15 68 28 92
Financial period: 1 July - 30 June
Municipality of reg. office: Mariagerfjord

Board of Directors

Jacob Østergaard Bergenholtz, Chairman
David James Williams
Lars Thorsgaard Jensen
Søren Pilgaard Barkholt

Executive Board

Michael Engsted

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Rytterkasernen 21
Postboks 370
DK-5100 Odense C

Management's Review

Main activity

The Company's main activities prior consisted of conceptual development, design, marketing and supply of incineration systems in which fuel comprises various types of waste. Envikraft supplied incineration systems for domestic waste, hospital waste, radioactive waste and various industrial by products. Only a few projects remain to be closed. Otherwise all activities have now been closed or surpassed to Weiss A/S.

Development in the year

The income statement of the Company for 2015/16 shows a loss of DKK 3,791,754, and at 30 June 2016 the balance sheet of the Company shows negative equity of DKK 31,337,121.

Unusual events

Envikraft A/S has received resources for the execution of projects and service orders from the sister company Weiss A/S, and the cost of these has been booked on a settlement account. The arrangement was viewed as reasonable by the then present management when it started in 2011, since it was believed, that Envikraft A/S would have been able to repay Weiss A/S in a short time.

Due to the cost overruns and delayed handover on the legacy projects, this intercompany loan has grown over the years reaching a level of MDKK 36.6 as of 30.06.16.

Every time Envikraft A/S receives payments from either service or projects, these payments are used to repay Weiss A/S and reduce the settlement account.

No new projects will be sold by Envikraft A/S, and when the current project portfolio has been closed and the remaining payments paid, this settlement account will be reduced to app. MDKK 28.

Since Envikraft A/S has a negative equity of MDKK 31, the parent company Envikraft Invest A/S has issued a letter of support towards present and future creditors in Envikraft A/S, which means Weiss A/S, since Weiss A/S is the sole creditor in Envikraft A/S.

Subsequent events

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

Income Statement 1 July - 30 June

	Note	2015/16 DKK	2014/15 DKK
Gross profit/loss		886.594	-5.303.214
Administrative expenses		-695.803	-164.006
Operating profit/loss		190.791	-5.467.220
Other operating income		0	10.000
Profit/loss before financial income and expenses		190.791	-5.457.220
Financial income	2	18.041	1.805.045
Financial expenses	3	-366.704	-1.167.372
Profit/loss before tax		-157.872	-4.819.547
Tax on profit/loss for the year	4	-3.633.882	1.060.295
Net profit/loss for the year		-3.791.754	-3.759.252

Distribution of profit

Proposed distribution of profit

Retained earnings		-3.791.754	-3.759.252
		-3.791.754	-3.759.252

Balance Sheet 30 June

Assets

	Note	2015/16 DKK	2014/15 DKK
Other receivables		0	180.034
Fixed asset investments		0	180.034
Fixed assets		0	180.034
Trade receivables		142.710	59.020
Contract work in progress	8	0	6.990.440
Other receivables		6.953.332	6.836.986
Deferred tax asset		0	3.633.882
Corporation tax		0	938.617
Prepayments		11.964	0
Receivables		7.108.006	18.458.945
Cash at bank and in hand		31.413	664.658
Currents assets		7.139.419	19.123.603
Assets		7.139.419	19.303.637

Balance Sheet 30 June

Liabilities and equity

	Note	2015/16 DKK	2014/15 DKK
Share capital		1.000.000	1.000.000
Retained earnings		-32.337.121	-28.545.367
Equity	5	-31.337.121	-27.545.367
Other provisions	6	450.000	450.000
Provisions		450.000	450.000
Trade payables		17.663	13.154
Prepayments received recognised in debt	8	1.343.727	0
Payables to group enterprises		36.631.180	46.339.850
Other payables		33.970	46.000
Short-term debt		38.026.540	46.399.004
Debt		38.026.540	46.399.004
Liabilities and equity		7.139.419	19.303.637
Going concern	1		
Contingent assets, liabilities and other financial obligations	9		
Staff	10		
Related parties and ownership	7		

Statement of Changes in Equity

	<u>Share capital</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 July	1.000.000	-28.545.367	-27.545.367
Net profit/loss for the year	0	-3.791.754	-3.791.754
Equity at 30 June	1.000.000	-32.337.121	-31.337.121

Notes to the Financial Statements

1 Going concern

With reference to the company's financial situation the sister company Weiss A/S has issued a letter of subordination and the parent company Envikraft Invest A/S a letter of support, both of which are valid until 30th June 2017.

	<u>2015/16</u> DKK	<u>2014/15</u> DKK
2 Financial income		
Interest received from group enterprises	0	458.198
Other financial income	0	8
Exchange gains	<u>18.041</u>	<u>1.346.839</u>
	<u>18.041</u>	<u>1.805.045</u>

3 Financial expenses

Interest paid to group enterprises	0	499.282
Other financial expenses	60.383	77.209
Exchange loss	<u>306.321</u>	<u>590.881</u>
	<u>366.704</u>	<u>1.167.372</u>

4 Tax on profit/loss for the year

Current tax for the year	0	0
Deferred tax for the year	0	-1.060.295
Adjustment of deferred tax concerning previous years	<u>3.633.882</u>	<u>0</u>
	<u>3.633.882</u>	<u>-1.060.295</u>

5 Equity

The share capital consists of 1.000 shares of a nominal value of DKK 1.000. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

Notes to the Financial Statements

	<u>2015/16</u>	<u>2014/15</u>
	DKK	DKK
6 Other provisions		
The Company provides warranties of 1 year on some of its products and is therefore obliged to repair or replace goods which are not satisfactory.		
Warranty provisions	<u>450.000</u>	<u>450.000</u>
	<u>450.000</u>	<u>450.000</u>

7 Related parties and ownership

Basis

Controlling interest

Envikraft Invest A/S	Parent Company
Anpartselskabet af 14. oktober 2013	Ultimate parent

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Envikraft Invest A/S, Norgesvej 1, 9560 Hadsund, Cvr.: 15 68 28 92.

Consolidated Financial Statements

The Company is included in the Group Annual Report of Weiss Partners A/S, Avderødvej 27 C, 2980 Kokkedal, Cvr.: 35 51 81 85.

Furthermore, the Company is included in the Group Annual Report of the ultimate parent Anpartselskabet af 14. oktober 2013, Avderødvej 27 C, 2980 Kokkedal, Cvr.: 35 51 55 77.

Notes to the Financial Statements

	<u>2015/16</u>	<u>2014/15</u>
	DKK	DKK
8 Contract work in progress		
Selling price of production for the period	86.296.042	82.088.524
Payments received on account	<u>-87.639.769</u>	<u>-75.098.084</u>
	<u>-1.343.727</u>	<u>6.990.440</u>
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	0	6.990.440
Prepayments received recognised in debt	<u>-1.343.727</u>	<u>0</u>
	<u>-1.343.727</u>	<u>6.990.440</u>

9 Contingent assets, liabilities and other financial obligations

Rental agreements and leases

Rental agreement, non-cancellation period	0	892.625
---	---	---------

Contingent liabilities

The Danish companies of the group are jointly and severally liable for tax on consolidated taxable income.

The company has performance and payment guarantees totalling TDKK 5,734.

The company has given absolute guarantees for sister company's bank debt, as per June 30, 2016 totalling TDKK 14,425.

Notes to the Financial Statements

	<u>2015/16</u> DKK	<u>2014/15</u> DKK
10 Staff		
Wages and Salaries	<u>0</u>	<u>-94.608</u>
	<u>0</u>	<u>-94.608</u>
Wages and Salaries are recognised in the following items:		
Administrative expenses	<u>0</u>	<u>-94.608</u>
	<u>0</u>	<u>-94.608</u>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

Accounting Policies

Basis of Preparation

The Annual Report of Envikraft A/S for 2015/16 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

Financial Statements for 2015/16 are presented in DKK.

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, 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.

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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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

Income Statement

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 is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Cost of sales

Cost of sales comprises costs incurred to achieve revenue for the year. Cost comprises 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.

Cost of sales also includes research and development costs that do not qualify for capitalisation as well as amortisation of capitalised development costs. Furthermore, amortisation of goodwill is included to the extent that goodwill relates to production activities. Finally, provisions for losses on contract work are recognised.

Accounting Policies

Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to distribution activities.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to administrative activities.

Other operating income and expenses

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

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 changes in 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 wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance Sheet

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.

Accounting Policies

Contract work in progress

Contract work in progress regarding service is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the resources incurred to date bear to the estimated total resources. Where it is probable that contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

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 asset 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.

Financial debts

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