Weiss A/S

Norgesvej 1, DK-9560 Hadsund

Annual Report for 1 July 2015 - 30 June 2016

CVR No 19 30 23 42

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

Lars Thorsgaard Jensen
Chairman

pwc

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Weiss 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 and cash flows 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	John Martin Myrup Staff Representative	Lars Liboriussen Staff Representative

Independent Auditor's Report on the Financial Statements

To the Shareholder of Weiss A/S

Report on the Financial Statements

We have audited the Financial Statements of Weiss A/S for the financial year 1 July 2015 - 30 June 2016, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement, 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 and cash flows 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	Weiss A/S Norgesvej 1 DK-9560 Hadsund CVR No: 19 30 23 42 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 Piilgaard Barkholt John Martin Myrup Lars Liboriussen
Executive Board	Michael Engsted
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Rytterkasernen 21 Postboks 370 DK-5100 Odense C

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2015/16	2014/15	2013/14	2012/13	2011/12
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit/loss	-22.778	-9.315	43.301	9.949	-1.125
Profit/loss before financial income and expenses	-59.614	-47.155	169	-27.443	-31.475
Net financials	-6.730	-4.537	-461	-824	-200
Net profit/loss for the year	-61.876	-39.949	-779	-18.718	-23.739
Balance sheet					
Balance sheet total	178.408	257.826	261.505	162.517	146.267
Equity	35.622	68.654	78.893	-1.181	12.945
Number of employees	83	122	129	140	132
Ratios					
Gross margin	-10,8%	-2,9%	11,6%	3,8%	-0,6%
Profit margin	-28,4%	-14,5%	0,0%	-10,4%	-16,5%
Return on assets	-33,4%	-18,3%	0,1%	-16,9%	-21,5%
Solvency ratio	20,0%	26,6%	30,2%	-0,7%	8,9%
Return on equity	-118,7%	-54,2%	-2,0%	-318,2%	-95,2%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Main activity

The Company's main activities are design, production, mounting and commissioning of renewable energy combustion plants, based on different types of biomass and household waste material, so called MSW. Sales are mainly within Europe with Denmark and Scandinavia as the main markets. Weiss A/S is the primary operating company of the Weiss Partners Group, and Weiss A/S is also undertaking the production through a subsidiary situated in Ostrowiec, Poland.

Our customers comprise both public and private enterprises. Approximately 62% of the revenue for the year is generated in the EU and the Danish market makes up approximately two third of this EU-related revenue.

Development in the year

The income statement of the Company for 2015/16 shows a loss of DKK 61,876,196, and at 30 June 2016 the balance sheet of the Company shows equity of DKK 35,622,145.

Revenue for the year amounts to DKK 210.0 million compared to DKK 324.3 million last year, which corresponds to a decrease of 35%. Operating loss before tax amounts to DKK 66.3 million compared to an operating loss before tax of DKK 51.7 million last year.

Following on from last year, where a major campaign to close down old legacy projects was initiated, this year has continued to see further cost overruns on the project portfolio taken over in November 2013 when BWB Partners invested in Weiss. The legacy projects have proven to contain substantial risks related to technology, geography, contractual position etc. Although it has been a high priority to close these projects, which already in 2014/15 meant substantial cost overruns, it has not been possible to avoid further cost overruns in 2015/16. Furthermore, a settlement of a major project in Netherlands has impacted the financial year with DKK 29 million due to contractual obligations.

The losses on the legacy projects in 2015/16 (specified in the notes) were DKK 70.0 million, compared to DKK 30.4 million in 2014/15. Of the original 18 legacy projects, 16 projects are now closed. On the 2 remaining Danish legacy projects, the limited risk related to closure have been assessed based on current knowledge and provision for expected cost made in the accounts for 2015/16.

The financial results for the year were also negatively influenced by low activity due to slow order intake in 2015/16. Low prices on oil and gas affected our main markets in Europe due to lack of incentives to invest in green energy. For Weiss this meant that a number of projects at a very advanced stage were shelved or postponed. However, the market activity has picked up throughout summer and autumn 2016, where the backlog has grown substantially with close to DKK 300 million in order intake on a number of projects. At the end of November 2016 the total backlog amounts to DKK 272.6 million.

Adjusted for above effects from legacy projects, the year would have resulted in operating income of DKK 10.4 million for the year. This corresponds to an adjusted EBITDA of DKK 11.7 million for the year 2015/16.

Management's Review

The work in Weiss continues with main focus on improved processes, more robust project execution through the company's stage-gate project model with better risk evaluation and identification as well as improved consolidation of knowledge related to products and operations. The result of these actions continues to be visible on non-legacy projects, where the project margin overall are executed substantially more in line with the margins the projects are sold at.

The financial performance for 2015/16 is very disappointing, but mainly the result of the effect from cost overruns and settlements on legacy projects acquired from the previous owners of the Weiss Group. As part of the steps taken to secure profitability going forward, the majority shareholder injected DKK 30 million of new equity during 2016.

Special risks - operating risks and financial risks

Initiatives have been implemented aimed at identifying and minimizing the Company's commercial and operating risks. It is the intention to intensify this work in the years ahead, so that future risks related to the Company's activities are identified, assessed and prioritized on a current basis to avoid any future events that may have a significantly negative impact on the overall financial targets of the Company.

Foreign exchange risks

All sales contracts are concluded at a fixed price, but hedging is made by obtaining, where possible, offers for all significant components prior to signing a sales contract. If possible, all sales agreements are concluded in DKK or EUR, which is done to minimize foreign exchange risks. The exposure towards other currencies is hedged via futures based on an individual assessment with the clear aim to avoid any foreign exchange speculation.

Exchange adjustments of investments in independent subsidiaries and associates are recognized directly in equity. The related foreign exchange risks are generally not hedged as in the Company's opinion, ongoing hedging of such long term investments is not optimal based on an overall risk and cost consideration.

Interest rate risks

The Company has variable interest rates on its debt, which subjects the company to some level of interestrate risk.

Management's Review

Expectations for the years ahead

Because of the continued high political focus on renewable energy both domestic and abroad and our positive development towards a stronger backlog, management strongly believes there is a good basis for an increase in company turnover in the coming years. Management is confident that during the next couple of years the Company will be able to improve profitability through a combination of growth, especially within the WtE (Waste to Energy) sector, product development, standardization of solutions and efficiency improvements through structural changes.

Research and development

In recent years, the Company has participated in various development activities. The related costs have not been capitalized in the prepared Financial Statements, which has contributed to the unsatisfactory results. The Company has chosen not to capitalize any part of the development costs incurred. This is not because we do not expect to utilize some of the knowledge achieved for commercial purposes, but primarily because it has not been possible to state the value of such knowledge with sufficient reliability. New development projects have been granted within the last year to optimize the Weiss product portfolio, with special emphasis on emission control and energy output as well as operational efficiency.

External environment

The Company's activities have no material impact on the external environment. It appears from the current authorities' approvals, that the Company is considered to have taken the measures necessary to prevent and limit any pollution by using the best cleaning technique available to metal working enterprises. The Company expects to be able to carry out the activities planned, including planned growth, within the framework of the current environmental approvals.

Intellectual capital resources

The Company is dependent on having satisfied and motivated employees. As the Company's critical business processes consist of individual solutions, two categories of employees are of special importance: Employees with competences in the design of combustion plants based on a high variety of fuels and competent project managers, who are able to manage projects from sale to final delivery. It is also important that employees in the production areas are highly qualified and focused on quality.

In the next couple of years, the Company will focus on retaining and developing our present employees and on recruiting new employees with the necessary competences.

Statement of corporate social responsibility

For the time being, the company has no policy on Corporate Social Responsibility (CSR), since other areas have had a higher priority.

Management's Review

Statement on gender composition

The company is covered by The Danish Financial Statements Act §99b regarding the under represented gender.

Currently, the Board of Directors consists of six members that are all men.

It is the policy of the company to employ the best qualified board members irrespective of the gender distribution. There has been only one change amongst the board members in 2015/16, and during the search all candidates were treated equally and the choice was solely based on qualification – it has proven difficult to find females with the exact qualifications necessary to qualify as board member.

The company has no intention to discriminate in any way, but doesn't view it realistic to achieve a gender balance of 60/40% in the near term - the current target is instead to have 1 female out of the 6 boardmembers in 2018, which means the distribution at that time will be 83% / 17%.

On the different management levels in the company, it is also the policy to employ the best qualified candidates irrespective of gender. It is also the policy to give these the same rights, opportunities and conditions related to their employment.

It has proved difficult to find qualified female candidates for leadership positions in Weiss. Weiss is constantly considering relevant activities to raise awareness of the industry and of Weiss in particular.

Despite of our efforts during the year, we have not registered a change in the gender composition in management during the year.

Employments in the financial year have been in compliance with the policy, although it is regrettable that it is so difficult to find qualified females in the industry. The company will intensify its efforts going forward to improve the proportion.

Management's Review

Uncertainty relating to recognition and measurement

Due to the losses on the project portfolio taken over in November 2013 and the lower than expected order intake in 2015/16 the liquidity of Weiss came under pressure towards the end of 2015/16. In June/July 2016 an agreement between the main shareholder and the providers of financial facilities was reached providing suitable financial facilities for the coming 12 months. Management has prepared an updated liquidity forecast for 2016/17, which shows that the available liquidity under the current credit facilities are sufficient to comply with the budget for 2016/17. Apart from unavoidable business risk related to the timing of cash flows, the main uncertainty underlying the liquidity forecast is the timing of a large instalment on one of the new projects won. It is management's overall assessment that the Company is a going concern.

Management has prepared an impairment test of the fixed assets. A main assumption in the calculation relates to the future revenue, which is expected to increase significantly over the coming 2-4 years. It is management's overall assessment that the forecasted future revenue is realistic and that the fixed assets are not impaired.

Management has also prepared a forecast on the Group's taxable income. The forecast shows that the Group is expected to utilize the tax asset over the course of approximately 5 years. Uncertainty exists regarding the Group's ability to generate sufficient future taxable income in order to utilize the carry-forward tax losses. It is management's assessment that the deferred tax asset is appropriately valued.

For further considerations in respect to going concern, impairments test and deferred tax asset please refer to note 1 of the Annual Report.

Weiss has provided resources for the execution of projects and service orders in the sister company Envikraft 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 DKK 36.6 million as of 30.06.16.

Every time Envikraft A/S receives payments from either service or projects, these payments are used torepay 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 is expected to be reduced to approximately DKK 28 million. The parent company Envikraft Invest A/S has issued a letter of support to Envikraft A/S valid until 30.06.17. Envikraft Invest A/S' primary activity is to own shares in Weiss A/S and Envikraft A/S. A "Net Present Value" (NPV) on the future cash flow of Weiss A/S has been calculated via a DCF-model. The results support the valuation of Weiss' intercompany receivable.

Management's Review

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
Revenue	3	**210.041.897**	**324.279.649**
Cost of sales		-232.819.523	-333.594.179
Gross profit/loss		**-22.777.626**	**-9.314.530**
Distribution expenses		-8.945.286	-7.160.553
Administrative expenses		-27.965.419	-27.475.267
Operating profit/loss		**-59.688.331**	**-43.950.350**
Other operating income		73.848	204.496
Other operating expenses		0	-3.409.609
Profit/loss before financial income and expenses		**-59.614.483**	**-47.155.463**
Income from investments in subsidiaries	4	-2.372.933	134.424
Financial income	5	2.314.643	6.496.385
Financial expenses	6	-6.671.710	-11.167.846
Profit/loss before tax		**-66.344.483**	**-51.692.500**
Tax on profit/loss for the year	7	4.468.287	11.743.897
Net profit/loss for the year		**-61.876.196**	**-39.948.603**

Distribution of profit

Proposed distribution of profit

Reserve for net revaluation under the equity method	-2.372.933	134.423
Retained earnings	-59.503.263	-40.083.026
	-61.876.196	**-39.948.603**

Balance Sheet 30 June

Assets

	Note	2015/16	2014/15
		DKK	DKK
Plant and machinery		1.403.295	2.169.674
Other fixtures and fittings, tools and equipment		43.006	75.976
Leasehold improvements		77.741	123.248
Property, plant and equipment	8	**1.524.042**	**2.368.898**
Investments in subsidiaries	9	18.294.192	21.823.061
Fixed asset investments		**18.294.192**	**21.823.061**
Fixed assets		**19.818.234**	**24.191.959**
Inventories		**18.023.042**	**18.199.825**
Trade receivables		4.590.095	12.899.794
Contract work in progress	10	29.696.857	94.706.892
Receivables from group enterprises		51.351.321	62.175.149
Other receivables		30.495.609	22.629.578
Deferred tax asset		23.594.125	19.125.837
Prepayments		592.575	1.638.729
Receivables		**140.320.582**	**213.175.979**
Cash at bank and in hand		**246.244**	**2.258.133**
Currents assets		**158.589.868**	**233.633.937**
Assets		**178.408.102**	**257.825.896**

Balance Sheet 30 June

Liabilities and equity

	Note	2015/16	2014/15
		DKK	DKK
Share capital		1.010.000	1.010.000
Reserve for net revaluation under the equity method		8.106.263	11.017.123
Retained earnings		26.505.882	56.627.373
Equity	11	**35.622.145**	**68.654.496**
Other provisions	12	18.874.161	17.770.176
Provisions		**18.874.161**	**17.770.176**
Credit institutions (long-term)		12.225.000	14.425.000
Long-term debt	13	**12.225.000**	**14.425.000**
Credit institutions (short-term)	13	57.106.626	37.815.382
Trade payables		35.133.662	80.633.308
Prepayments received recognised in debt	10	5.957.235	24.057.176
Payables to group enterprises		1.188.626	1.190.859
Other payables		12.300.647	13.279.499
Short-term debt		**111.686.796**	**156.976.224**
Debt		**123.911.796**	**171.401.224**
Liabilities and equity		**178.408.102**	**257.825.896**

Going concern and uncertainty relating to recognition and measurement	1
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Contingent assets, liabilities and other financial obligations	19
Staff	14
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Statement of Changes in Equity

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 July	1.010.000	11.017.123	56.627.373	68.654.496
Exchange adjustments relating to foreign entities	0	-537.927	-618.228	-1.156.155
Group contribution	0	0	30.000.000	30.000.000
Net profit/loss for the year	0	-2.372.933	-59.503.263	-61.876.196
Equity at 30 June	**1.010.000**	**8.106.263**	**26.505.882**	**35.622.145**

Cash Flow Statement 1 July - 30 June

	Note	2015/16	2014/15
		DKK	DKK
Net profit/loss for the year		-61.876.196	-39.948.603
Adjustments	16	3.304.455	-1.503.238
Change in working capital	17	3.202.180	16.375.249
Cash flows from operating activities before financial income and expenses		**-55.369.561**	**-25.076.592**
Financial income		2.314.643	6.496.385
Financial expenses		-6.671.703	-11.167.846
Cash flows from operating activities		**-59.726.621**	**-29.748.053**
Purchase of property, plant and equipment		-197.887	-5.564.710
Sale of property, plant and equipment		0	21.002.072
Cash flows from investing activities		**-197.887**	**15.437.362**
Repayment of mortgage loans		0	-9.913.092
Repayment of loans from credit institutions		0	-3.570.650
Repayment of payables to group enterprises		0	-8.919.616
Raising of loans from credit institutions		17.091.244	0
Repayment of loans from group enterprises		10.821.375	4.151.441
Group contribution		30.000.000	30.000.000
Cash flows from financing activities		**57.912.619**	**11.748.083**
Change in cash and cash equivalents		**-2.011.889**	**-2.562.608**
Cash and cash equivalents at 1 July		2.258.133	4.820.741
Cash and cash equivalents at 30 June		**246.244**	**2.258.133**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		246.244	2.258.133
Cash and cash equivalents at 30 June		**246.244**	**2.258.133**

Notes to the Financial Statements

1 Going concern and uncertainty relating to recognition and measurement

Going concern

The Company has realized a deficit of TDKK 39.949 in 2014/15 and a deficit of TDKK 61.876 in 2015/16. The negative financial performance is due to cost overruns on the project portfolio taken over in November 2013 when BWB Partners invested in the Weiss group, cf. "Note 2 Unusual Events".

Management believes that the risks regarding this project portfolio were not properly disclosed during the due diligence. As per the signing date Weiss Partners A/S is part of arbitration proceedings against the sellers of the shares of the Envikraft Invest group. The claim is currently significantly in excess of the MDKK 24 indemnification asset shown in the balance sheets of Weiss A/S (MDKK 20.3) and Envikraft A/S (MDKK 3.7).

The Company's order intake in 2015/16 has been lower than expected. Low prices on oil and gas affected Weiss' main markets in Europe due to lack of incentives to invest in green energy. For Weiss this meant that a number of projects at a very advanced stage were shelved or postponed. However, the market activity has picked up throughout summer and autumn 2016, where the backlog has grown substantially as a result of close to MDKK 300 in order intake on a number of projects. At the end of November 2016 the total backlog amounts to MDKK 273.

Due to the losses on the project portfolio taken over in November 2013 and the lower than expected order intake in 2015/16 the liquidity of Weiss came under pressure towards the end of 2015/16. In June/July 2016 an agreement between the main shareholder and the providers of financial facilities was reached providing suitable financial facilities for the coming 12 months. Management has prepared an updated liquidity forecast for 2016/17, which shows that the available liquidity under the current credit facilities are sufficient to comply with the budget for 2016/17. Apart from unavoidable business risk related to the timing of cash flows, the main uncertainty underlying the liquidity forecast is the timing of a large instalment on one of the new projects won.

The uncertainty relates to the process currently in progress of obtaining an ESA (EU) approval before the project can be executed. It is management's assessment that the project is standard and non-complex in relation to obtaining the necessary approval.

Overall, it is management's assessment that the underlying assumptions in the liquidity forecast are realistic. Management is not aware of any indications that cash in-flows in the period will be postponed. In the unexpected event of not being able to comply with the liquidity forecast, management expects that the main shareholder and the providers of the financial facilities will support the company based on the Letter of Intent signed between the parties as part of the solution agreed in June/July 2016.

As of the date of financial reporting, the Company has complied with the budget and the liquidity forecast.

On the basis of the above assumptions, it is management's overall assessment that the Company is a going concern. Finally, it is noted that a project company of this nature is unavoidably subject to business risk relating to the future cash flows.

Notes to the Financial Statements

Impairment test

Management has prepared an impairment test including a discounting of the future cash flows of the Company (DCF-model). A project company of this nature is unavoidably subject to business risk relating to the future cash flows.

A main assumption in the calculation relates to the future revenue, which is expected to increase significantly over the coming 2-4 years. The assumption of expected increasing revenue is supported by strong order intake in the beginning of the financial year 2016/17, a backlog of orders of MDKK 273 as of end November 2016, a very strong pipeline and an increasing demand in the industry in general.

It is management's overall assessment that the forecasted future revenue is realistic and that the fixed assets are not impaired.

Deferred tax asset

The Company has recognized a deferred tax asset of MDKK 24 valuated primarily on the basis of carry-forward tax losses. In addition, the Company has deferred tax assets of MDKK 9.6 which has not been recognized but will be tax deductible going forward without any time limitations.

Management has prepared a forecast on the Company's taxable income. The forecast shows that the Company is expected to utilize the tax asset over the course of approximately 5 years. Uncertainty exists regarding the Company's ability to generate sufficient future taxable income in order to utilize the carry-forward tax losses.

Management's expectation of utilization is based on a number of positive indications regarding the future financial performance, including a strong backlog and pipeline of orders, a focus on markets and products with higher gross margins and the expected near-future completion of a number of projects that have demanded a vast amount of management resources over the last two years. As the processes in the Company and organization has been strengthened over the last 2-3 years, only limited investments are needed to support the expected revenue growth.

The work in Weiss continues with main focus on improved processes, more robust project execution through the company's stage-gate project model with better risk evaluation and identification as well as improved consolidation of knowledge related to products and operations. The result of these actions continues to be visible on non-legacy projects, where the project margin overall are executed substantially more in line with the margins the projects are sold at.

On the basis of the above assumptions, it is management's assessment that the deferred tax asset is appropriately valued.

Notes to the Financial Statements

2 Unusual events

The fiscal year 15/16 has been heavily influenced by cost overruns on the project portfolio taken over in November 2013 when BWB Partners invested into Weiss A/S.

The losses on the legacy projects in 15/16 were 70 m. DKK, and this is specified here:

TDKK		2015/2016	
	Revenue	**Cost**	**GM1**
Legacy projects Weiss	-19.933	29.072	-49.005
Operating expenses		21.000	-21.000
Net effect legacy			-70.005

Notes to the Financial Statements

		2015/16	2014/15
		DKK	DKK
3	**Revenue**		
	Geographical segments		
	Revenue, Denmark	42.866.551	123.412.424
	Revenue, exports	167.175.346	200.867.225
		210.041.897	**324.279.649**
4	**Income from investments in subsidiaries**		
	Share of profits of subsidiaries	-2.372.933	134.424
		-2.372.933	**134.424**
5	**Financial income**		
	Interest received from group enterprises	825.521	874.487
	Other financial income	16.661	12.187
	Exchange gains	1.472.461	5.609.711
		2.314.643	**6.496.385**
6	**Financial expenses**		
	Interest paid to group enterprises	57.304	221.039
	Other financial expenses	3.462.144	2.215.289
	Exchange loss	3.152.262	8.731.518
		6.671.710	**11.167.846**

Notes to the Financial Statements

		2015/16	2014/15
		DKK	DKK
7	**Tax on profit/loss for the year**		
	Current tax for the year	0	0
	Deferred tax for the year	0	-7.895.673
	Adjustment of deferred tax concerning previous years	-4.468.287	-3.883.303
		-4.468.287	**-11.778.976**
	which breaks down as follows:		
	Tax on profit/loss for the year	-4.468.287	-11.743.897
	Tax on changes in equity	0	-35.079
		-4.468.287	**-11.778.976**

Notes to the Financial Statements

8 Property, plant and equipment

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	DKK	DKK	DKK	DKK
Cost at 1 July	8.370.023	349.332	136.521	8.855.876
Additions for the year	197.886	0	0	197.886
Cost at 30 June	8.567.909	349.332	136.521	9.053.762
Impairment losses and depreciation at 1 July	6.200.348	273.356	13.273	6.486.977
Depreciation for the year	964.266	32.970	45.507	1.042.743
Impairment losses and depreciation at 30 June	7.164.614	306.326	58.780	7.529.720
Carrying amount at 30 June	**1.403.295**	**43.006**	**77.741**	**1.524.042**

Notes to the Financial Statements

9 Investments in subsidiaries

	2015/16	2014/15
	DKK	DKK
Cost at 1 July	10.805.938	10.886.940
Exchange adjustment	-618.009	-81.002
Cost at 30 June	10.187.929	10.805.938
Value adjustments at 1 July	11.017.123	10.967.724
Exchange adjustment	-537.927	-85.024
Net profit/loss for the year	-2.372.933	134.423
Value adjustments at 30 June	8.106.263	11.017.123
Carrying amount at 30 June	**18.294.192**	**21.823.061**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Ranheat Energy ApS	Hadsund	TDKK 125	100%	318.943	-8.637
Weiss RO S.R.L	Romania	TRON 200	100%	402.692	-30.993
Weiss Sp. Zo.o	Poland	TPLN 6.000	100%	17.572.557	-2.332.705
				18.294.192	-2.372.335

10 Contract work in progress

	2015/16	2014/15
	DKK	DKK
Selling price of production for the period	607.379.763	713.836.816
Payments received on account	-583.640.141	-643.187.100
	23.739.622	**70.649.716**
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	29.696.857	94.706.892
Prepayments received recognised in debt	-5.957.235	-24.057.176
	23.739.622	**70.649.716**

Notes to the Financial Statements

11 Equity

The share capital consists of 1.010.000 shares of a nominal value of DKK 1. No shares carry any special rights.

The share capital has developed as follows:

	2015/16	2014/15	2013/14	2012/13	2011/12
	DKK	DKK	DKK	DKK	DKK
Share capital at 1 July	1.010.000	1.010.000	1.010.000	1.000.000	1.000.000
Capital increase	0	0	0	10.000	0
Capital decrease	0	0	0	0	0
Share capital at 30 June	**1.010.000**	**1.010.000**	**1.010.000**	**1.010.000**	**1.000.000**

12 Other provisions

The Company provides warranties of 1 to 5 years on some of its products and is therefore obliged to repair or replace goods which are not satisfactory. Other provisions include work-in-progress projects with negative gross margin (provision for onerous contracts) and other minor provisions.

	2015/16	2014/15
	DKK	DKK
Warranty provisions	7.238.772	7.786.252
Other provisions	11.635.389	9.983.924
	18.874.161	**17.770.176**

Notes to the Financial Statements

13 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2015/16	2014/15
	DKK	DKK
Credit institutions (long-term)		
After 5 years	3.425.000	5.625.000
Between 1 and 5 years	8.800.000	8.800.000
Long-term part	12.225.000	14.425.000
Within 1 year	2.200.000	2.200.000
Other short-term debt to credit institutions	54.906.626	35.615.382
Short-term part	57.106.626	37.815.382
	69.331.626	**52.240.382**

14 Staff

	2015/16	2014/15
Wages and Salaries	54.343.635	69.313.721
Pensions	3.987.190	5.099.390
Other social security expenses	853.610	1.370.684
Other staff expenses	3.254.531	5.944.722
	62.438.966	**81.728.517**
Wages and Salaries, pensions, other social security expenses and other staff expenses are recognised in the following items:		
Cost of sales	40.738.190	63.140.905
Distribution expenses	4.214.922	2.088.829
Administrative expenses	17.485.854	16.498.783
	62.438.966	**81.728.517**
Including remuneration to the Executive and Supervisory Boards	**4.601.253**	**3.998.329**
Average number of employees	**83**	**122**

Notes to the Financial Statements

15 Related parties and ownership

	Basis
Controlling interest	
Envikraft Invest A/S	Parent Company
Anpartsselskabet 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 Anpartsselskabet af 14. oktober 2013, Avderødvej 27C, 2780 Kokkedal, Cvr.: 35 51 55 77.

16 Cash flow statement - adjustments

	2015/16 DKK	2014/15 DKK
Financial income	-2.314.643	-6.496.385
Financial expenses	6.671.710	11.167.846
Depreciation, amortisation and impairment losses, including losses and gains on sales	1.042.742	5.703.622
Income from investments in subsidiaries	2.372.933	-134.424
Tax on profit/loss for the year	-4.468.287	-11.743.897
	3.304.455	**-1.503.238**

	2015/16	2014/15
	DKK	DKK
17 Cash flow statement - change in working capital		
Change in inventories	176.783	-6.206.211
Change in receivables	66.499.852	-6.222.152
Change in other provisions	1.103.985	-2.065.146
Change in trade payables, etc	-64.578.440	31.028.206
Fair value adjustments of hedging instruments	0	-159.448
	3.202.180	**16.375.249**

18 Fee to auditors appointed at the general meeting

Audit fee to PricewaterhouseCoopers	211.000	210.500
Tax advisory services	80.475	43.000
Other services	388.563	348.508
	680.038	**602.008**

Notes to the Financial Statements

	2015/16	2014/15
	DKK	DKK

19 Contingent assets, liabilities and other financial obligations

Rental agreements and leases

	2015/16	2014/15
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	2.172.632	1.924.357
Between 1 and 5 years	2.371.257	2.542.276
	4.543.889	**4.466.633**
Rental agreement, non-cancellation period of 1 years, 11 months	1.705.205	2.263.059

Security

The following assets have been placed as security with bankers (mortgage deeds totalling TDKK 14,425 at 30 June 2016) and for performance and payment guarantees issued by the fellow subsidiary, Envikraft A/S (totalling TDKK 5,733 at 30 June 2016):

	2015/16	2014/15
Investment in Weiss Sp. Zo.o with a carrying value of	17.572.557	21.055.822
Intercompany receivable from Weiss Sp. Zo.o. with a carrying value of	14.425.000	16.625.000

The following assets have been placed as security with bankers and insurance companies (credit facilities of TDKK 80,000 of which TDKK 54,660 used and performance guarentees up to TDKK 130,000 of which TDKK 71,000 used as per 30 June 2016):

	2015/16	2014/15
Floating charge totalling TDKK 40,000 with security in receivables, inventories, other fixtures, fittings and equipment with a carrying value of	53.876.801	103.994.985
Pledged bank account with balance as per June 2016 of:	-23.002.428	0

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 71,000.

The company has issued a letter of subordination to its sister company, Envikraft A/S, which is valid until 30th June 2017.

Notes to the Financial Statements

	2015/16	2014/15
	DKK	DKK

19 Contingent assets, liabilities and other financial obligations (continued)

The company has issued a guarentee covering the facilities of Weiss Sp. Zo.o. with SEB. The total positive balance of the facilities as per 30th June 2016 is TDKK 227.

Accounting Policies

Basis of Preparation

The Annual Report of Weiss A/S for 2015/16 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

Financial Statements for 2015/16 are presented in DKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements 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 Anpartsselskabet af 14. oktober 2013, Avderødvej 27C, 2780 Kokkedal, Cvr.: 35 51 55 77, the Company has not prepared consolidated financial statements.

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.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an approximated value as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

Accounting Policies

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

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.

Segment reporting

Segment information is presented in respect of business segments and geographical segments based on the Companys risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments. In compliance with the Danish Executive Order on exemptions from the Danish Financial Statements Act, reporting on geographical segments comprises revenue only.

The items included in profit before financial income and expenses are allocated to the extent that they are directly or indirectly attributable to the segments. Items allocated, as either directly or indirectly attributable, comprise “cost of sales”, “distribution expenses” and “administrative expenses” “expenses for raw materials and consumables”, “other external expenses”, “staff expenses” and “depreciation, amortisation and impairment”. Some of these items are not attributable, directly or indirectly, to a segment and are therefore not allocated. The items allocated as indirectly attributable to the segments are allocated by means of sharing keys determined on the basis of segment drain on key resources.

Segment fixed assets comprise all fixed assets used directly for segment operations, including intangible assets, property, plant and equipment and investments in associates.

Segment liabilities comprise segment operating liabilities, including trade payables and other payables.

Accounting Policies

Income Statement

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.

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.

Accounting Policies

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.

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.

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

Property, plant and equipment

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

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Accounting Policies

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:

Production buildings	25-50	years
Plant and machinery	5-10	years
Other fixtures and fittings, tools and equipment	3-5	years
Leasehold improvements	3	years

Depreciation period and residual value are reassessed annually.

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 asset is written down to its lower recoverable amount.

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) and deduction of any remaining value of negative differences (negative 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.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Inventories

Inventories are measured at the lower of cost under the FIFO 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.

Accounting Policies

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

The cost of 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.

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 total 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.

Accounting Policies

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of 1-5 years. Provisions are measured and recognised based on experience with guarantee work. Provisions with an expected maturity exceeding 1 year from the balance sheet date are discounted at the average bond yield.

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.

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.

Financial debts

Loans, such as mortgage loans and 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.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Accounting Policies

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Cash Flow Statement

The cash flow statement shows the Company´s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company´s cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand”.

The cash flow statement cannot be immediately derived from the published financial records.

Accounting Policies

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$