Kinect Energy Denmark A/S

Strømmen 6, 9400 Nørresundby

CVR no. 25 14 57 04

Annual report 2017

Approved at the Company's annual general meeting on 31 May 2018

Chairman:

....

Maria Charash Koundina

Building a better
working world

Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Kinect Energy Denmark A/S for the financial year 1 January - 31 December 2017.

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 of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Aalborg, 31 May 2018
Executive Board:

Terence Patrick Cogan

Board of Directors:

Maria Charash Koundina Chairman	Michael Joseph Crosby	Terence Patrick Cogan

Independent auditor's report

To the shareholder of Kinect Energy Denmark A/S

Opinion

We have audited the financial statements of Kinect Energy Denmark A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 rules and requirements.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 the financial statements.

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

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

Independent auditor's report

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our 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 note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 31 May 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Karsten Bøgel
State Authorised Public Accountant
MNE no.: mne27849

Management's review

Company details

Name	Kinect Energy Denmark A/S
Address, Postal code, City	Strømmen 6, 9400 Nørresundby
CVR no.	25 14 57 04
Established	5 December 1999
Registered office	Aalborg
Financial year	1 January - 31 December
Board of Directors	Maria Charash Koundina, Chairman Michael Joseph Crosby Terence Patrick Cogan
Executive Board	Terence Patrick Cogan
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Business review

The purpose of the company is to provide consultancy within the energy sector regarding physical supplies, market analysis, renewable energy and related activities.

Financial review

The income statement for 2017 shows a profit of DKK 1,588,999 against a loss of DKK 3,596,253 last year, and the balance sheet at 31 December 2017 shows equity of DKK 7,198,655. Management considers the Company's financial performance in the year is satisfactory.

Outlook

Management expects af positive result for the financial year 2018.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2017	2016
	Gross margin	3,620,713	905,110
2	Staff costs	-2,721,095	-4,026,849
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-17,216	-343,347
	Profit/loss before net financials	882,402	-3,465,086
	Financial income	8	3,517
3	Financial expenses	-31,196	-52,042
	Profit/loss before tax	851,214	-3,513,611
4	Tax for the year	737,785	-82,642
	Profit/loss for the year	1,588,999	-3,596,253

Recommended appropriation of profit/loss		
Retained earnings/accumulated loss	1,588,999	-3,596,253
	1,588,999	-3,596,253

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2017	2016
	ASSETS		
	Non-current assets		
5	**Property, plant and equipment**		
	Leasehold improvements	1,261	18,477
		1,261	18,477
	Financial assets		
7	Deferred tax assets	66,213	0
		66,213	0
	Total non-current assets	67,474	18,477
	Current assets		
	Receivables		
	Trade receivables	1,195,019	222,080
	Receivables from group enterprises	3,484,404	0
	Corporation tax receivable	0	36,000
	Other receivables	124,564	123,803
	Prepayments	10,601	20,579
		4,814,588	402,462
	Cash	3,853,063	8,662,011
	Total current assets	8,667,651	9,064,473
	TOTAL ASSETS	8,735,125	9,082,950

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2017	2016
	EQUITY AND LIABILITIES		
	Equity		
6	Share capital	502,000	501,000
	Retained earnings	6,696,655	5,108,656
	Total equity	7,198,655	5,609,656
	Current liabilities		
	Prepayments received from customers	57,035	69,535
	Trade payables	71,088	74,527
	Payables to group enterprises	603,681	2,099,914
	Corporation tax payable	14,414	0
	Other payables	790,252	1,229,318
	Total current liabilities	1,536,470	3,473,294
	Total liabilities	1,536,470	3,473,294
	TOTAL EQUITY AND LIABILITIES	8,735,125	9,082,950

1 Accounting policies
8 Contractual obligations and contingencies, etc.

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2017	501,000	5,108,656	5,609,656
Capital increase	1,000	-1,000	0
Transfer through appropriation of profit	0	1,588,999	1,588,999
Equity at 31 December 2017	502,000	6,696,655	7,198,655

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Kinect Energy Denmark A/S for 2017 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Income statement

Gross margin

The items revenue, work in progress, work performed for own account and capitalised, other operating income and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of non-current assets.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Goodwill	7 years

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further amortisation charges are recognised. In case of changes in the residual value, the effect on the amortisation charges is recognised prospectively as a change in accounting estimates.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Leasehold improvements	10 years

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Other payables

Other payables are measured at net realisable value.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Financial statements 1 January - 31 December

Notes to the financial statements

	DKK	2017	2016
2	**Staff costs**		
	Wages/salaries	1,939,935	3,166,834
	Pensions	719,000	823,600
	Other social security costs	33,541	24,097
	Other staff costs	28,619	12,318
		2,721,095	4,026,849
	Average number of full-time employees	4	5
3	**Financial expenses**		
	Interest expenses, group entities	0	13
	Other financial expenses	31,196	52,029
		31,196	52,042
4	**Tax for the year**		
	Estimated tax charge for the year	50,414	0
	Deferred tax adjustments in the year	-66,213	82,642
	Tax adjustments, prior years	-721,986	0
		-737,785	82,642

5 **Property, plant and equipment**

DKK	Leasehold improvements
Cost at 1 January 2017	278,067
Cost at 31 December 2017	278,067
Impairment losses and depreciation at 1 January 2017	259,590
Depreciation	17,216
Impairment losses and depreciation at 31 December 2017	276,806
Carrying amount at 31 December 2017	1,261

Financial statements 1 January - 31 December

Notes to the financial statements

DKK	2017	2016
6 Share capital		
Analysis of the share capital:		
502 shares of DKK 1,000.00 nominal value each	502,000	501,000
	502,000	501,000

Analysis of changes in the share capital over the past 3 years:

DKK	2017	2016	2015
Opening balance	501,000	500,000	500,000
Capital increase	1,000	1,000	0
	502,000	501,000	500,000

7 **Deferred tax**

The deferred tax consists of timing differences.

8 **Contractual obligations and contingencies, etc.**

Other financial obligations

The company has entered rent liabilities, where the outstanding liability is t.DKK 65 at 31 December 2017.