Kinect Energy Denmark A/S

Strømmen 6, 9400 Nørresundby

CVR no. 25 14 57 04

Annual report 2016

Approved at the annual general meeting of shareholders on 31 May 2017

Chairman:

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Christopher John White

Building a better
working world

Contents

Statement by 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 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 of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016.

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 2017
Executive Board:

Terence Patrick Cogan

Board of Directors:

Christopher John White Chairman	Michael Joseph Crosby	Terence Patrick Cogan

Independent auditor's report

To the shareholders 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 2016, which comprise an 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 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and 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 skepticism throughout the audit. We also:

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

Independent auditor's report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on Management's review

Management is responsible for the Management's review.

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

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

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

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

Copenhagen, 31 May 2017
Ernst & Young
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Karsten Bøgel
State Authorised Public Accountant

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	Christopher John White, 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

Management commentary

Business review

The purpose of the company is to provide consultancy within the energy sector.

Unusual matters having affected the financial statements

The Company has with effect from 1 January 2016 merged with the two danish sister companies Norenergi A/S and Bergen Energy ApS, that became a part of the group during 2015. Kinect Energy Denmark A/S is the continuing company. The companies have merged using the pooling interest method and last years numbers are therefore corrected to be comparable. The merger was decided upon after the balance date, with effect from 1 January 2016.

Financial review

The income statement for 2016 shows a loss of DKK 3,596,253 against DKK -132,067 last year, and the balance sheet at 31 December 2016 shows equity of DKK 5,609,656. Management considers the Company's financial performance in the year satisfactory accouring to the merge proces and business development.

Events after the balance sheet date

As described above, the company is part in a merger decided after the balance date, with effect from 1 January 2016. Other than that, there are no events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Financial statements for the period 1 January - 31 December

Income statement

Note	DKK	2016	2015
	Gross margin	905,110	3,210,850
3	Staff costs	-4,026,849	-3,241,758
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-343,347	-169,946
	Profit/loss before net financials	-3,465,086	-200,854
	Other financial income from group enterprises	0	16
4	Financial income	3,517	42
5	Financial expenses	-52,042	-46,075
	Profit/loss before tax	-3,513,611	-246,871
6	Tax for the year	-82,642	114,804
	Profit/loss for the year	-3,596,253	-132,067

	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-3,596,253	-132,067
		-3,596,253	-132,067

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	2016	2015
	ASSETS		
	Non-current assets		
7	Intangible assets		
	Goodwill	0	320,000
		0	320,000
8	Property, plant and equipment		
	Leasehold improvements	18,478	41,825
		18,478	41,825
	Financial assets		
	Deposits, investments	97,849	71,445
	Deferred tax assets	0	82,642
		97,849	154,087
	Total non-current assets	116,327	515,912
	Current assets		
	Receivables		
	Trade receivables	222,080	531,467
	Other receivables	25,954	0
	Prepayments	20,579	45,521
		268,613	576,988
	Cash	8,662,011	1,148,793
	Total current assets	8,930,624	1,725,781
	TOTAL ASSETS	9,046,951	2,241,693

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	2016	2015
	EQUITY AND LIABILITIES		
	Equity		
9	Share capital	501,000	500,000
	Retained earnings	5,108,656	705,909
	Total equity	5,609,656	1,205,909
	Current liabilities		
	Other credit institutions	0	137,992
	Trade payables	74,528	85,721
	Payables to group enterprises	2,099,914	2,198
	Corporation tax payable	35,695	60,358
	Other payables	1,227,158	749,515
	Total current liabilities	3,437,295	1,035,784
	Total liabilities	3,437,295	1,035,784
	TOTAL EQUITY AND LIABILITIES	9,046,951	2,241,693

1 Accounting policies
2 Events after the balance sheet date
10 Collateral

Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2016	500,000	705,909	1,205,909
Capital increase	1,000	7,999,000	8,000,000
Transfer through appropriation of loss	0	-3,596,253	-3,596,253
Equity at 31 December 2016	501,000	5,108,656	5,609,656

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

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

Changes to presentation and disclosures only

Effective 1 January 2016, the Company has implemented act no. 738 of 1 June 2015 with amendments to the Danish Financial Statements Act. As the implementation of the amendment act has no impact in terms of value on the income statement or the balance sheet in the financial year, nor on the comparative figures, the financial statements have been prepared based on the same accounting policies as last year.

The amendment act has solely implied new or changed presentation and disclosure requirements, which have been incorporated in the financial statements.

Intra-group business combinations

The pooling-of-interests method is applied to intra-group acquisitions and sales of investments in subsidiaries. This implies that investments are considered having been acquired, respectively sold, at the first day of the financial year and that any differences between the acquisition cost, respectively the selling price, and the net asset value of the investments are taken directly to equity at the beginning of the year. Comparative figures are restated accordingly.

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 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.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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

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.

Balance sheet

Intangible assets

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management’s experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is 7 years.

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.

Impairment of non-current assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

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.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Other payables

Other payables are measured at net realisable value.

2 Events after the balance sheet date

The Company has with effect from 1 January 2016 merged with the two danish sister companies Norenergi A/S and Bergen Energy ApS, that became a part of the group during 2015. Kinect Energy Denmark A/S is the continuing company. The companies have merged using the pooling interest method and last years numbers are therefore corrected to be comparable. The merger was decided upon after the balance date, with effect from 1 January 2016.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

	DKK	2016	2015
3	Staff costs		
	Wages/salaries	3,990,434	3,191,573
	Other social security costs	24,097	31,628
	Other staff costs	12,318	18,557
		4,026,849	3,241,758
	Average number of full-time employees	5	3
4	Financial income		
	Interest receivable, group entities	0	16
	Other financial income	3,517	26
		3,517	42
5	Financial expenses		
	Interest expenses, group entities	13	0
	Other financial expenses	52,029	46,075
		52,042	46,075
6	Tax for the year		
	Estimated tax charge for the year	0	-38,089
	Deferred tax adjustments in the year	82,642	-76,715
		82,642	-114,804

7 Intangible assets

DKK	Goodwill
Cost at 1 January 2016	800,000
Cost at 31 December 2016	800,000
Impairment losses and amortisation at 1 January 2016	480,000
Impairment losses for the year	160,000
Depreciation for the year	160,000
Impairment losses and amortisation at 31 December 2016	800,000
Carrying amount at 31 December 2016	0

Financial statements for the period 1 January - 31 December

Notes to the financial statements

8 Property, plant and equipment

DKK	Leasehold improvements
Cost at 1 January 2016	278,067
Cost at 31 December 2016	278,067
Impairment losses and depreciation at 1 January 2016	236,242
Depreciation for the year	23,347
Impairment losses and depreciation at 31 December 2016	259,589
Carrying amount at 31 December 2016	18,478

DKK	2016	2015

9 Share capital

Analysis of the share capital:

501 shares of DKK 1,000.00 nominal value each	501,000	500,000
	501,000	500,000

Analysis of changes in the share capital over the past 2 years:

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

10 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2016.