Serenergy A/S

Lyngvej 8, 9000 Aalborg

Company reg. no. 29 61 66 47

Annual report

1 January - 31 December 2016

The annual report have been submitted and approved by the general meeting on the 23 May 2017.

Joseph Kristensen
Chairman of the meeting

Notes:
- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Contents

Management's report

The board of directors and the executive board have today presented the annual report of Serenergy A/S for the financial year 1 January to 31 December 2016.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion, the consolidated annual accounts and the annual accounts provide a true and fair view of the assets, the liabilities and the financial position, consolidated and for the company respectively as on 31 December 2016, and of the results of the activities, consolidated and of the company respectively and of consolidated cash flows in the financial year 1 January to 31 December 2016.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Aalborg, 23 May 2017

Executive board

Anders Korsgaard   Mads Bang

Board of directors

Ejler Holm   Jochen Baurmeister   Roland Fischer

Independent auditor's report

To the shareholders of Serenergy A/S

Opinion

We have audited the consolidated annual accounts and the annual accounts of Serenergy A/S for the financial year 1 January to 31 December 2016, which comprise accounting policies used, profit and loss account, balance sheet, statement of changes in equity and notes, consolidated and for the company respectively and consolidated cash flow statement. The consolidated annual accounts and the annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated annual accounts and the annual accounts give a true and fair view of the assets, liabilities and financial position, consolidated and for the company respectively at 31 December 2016 and of the results of the company's operations, consolidated and for the company respectively and of consolidated cash flows for the financial year 1 January to 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 and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the consolidated annual accounts and the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the consolidated annual accounts and the annual accounts

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

In preparing the consolidated annual accounts and the annual accounts, the management is responsible for evaluating the group's and the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the consolidated annual accounts and the annual accounts, unless the management either intends to liquidate the group or the company or to cease operations, or if it has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the consolidated annual accounts and the annual accounts
Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts and the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the consolidated annual accounts and the annual accounts

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated annual accounts and the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the 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 group's and the company's internal control.

- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's preparation of the consolidated annual accounts and the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the group's and 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 consolidated annual accounts and the annual accounts 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 group and the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated annual accounts and the annual accounts, including the disclosures in the notes, and whether the consolidated annual accounts and the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or the business activities within the group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the consolidated annual accounts and the annual accounts does not cover the management’s review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the consolidated annual accounts and the annual accounts, our responsibility is to read the management’s review and in that connection consider whether the management’s review is materially inconsistent with the consolidated annual accounts and the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that the management's review is in accordance with the consolidated annual accounts or the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Aalborg, 23 May 2017

Redmark
State Authorised Public Accountants
Company reg. no. 29 44 27 89

Alex Kristensen
State Authorised Public Accountant

Company data

The company	Serenergy A/S Lyngvej 8 9000 Aalborg	
	Phone	+45 88 80 70 40
	Web site	www.serenergy.com
	Company reg. no.	29 61 66 47
	Financial year:	1 January - 31 December
Board of directors	Ejler Holm Jochen Baurmeister Roland Fischer	
Executive board	Anders Korsgaard Mads Bang	
Auditors	Redmark Statsautoriseret Revisionspartnerselskab Hasseris Bymidte 6 9000 Aalborg	
Parent company	F.E.R. fischer Edelstahlrohre GmbH	

Consolidated financial highlights

DKK in thousands.	2016	2015	2014	2013	2012
Profit and loss account:					
Gross profit	-36.962	-6.706	2.271	791	3.974
Results from operating activities	-69.707	-30.124	-13.560	18	801
Net financials	-448	-1.048	-618	-159	-314
Results for the year	-65.459	-26.091	-14.582	136	537
Balance sheet:					
Balance sheet sum	96.095	47.909	31.458	29.600	35.898
Equity	24.031	28.412	4.960	4.542	7.769
Employees:					
Average number of full time employees	71	39	28	29	26
Key figures in %:					
Solvency ratio	25,0	59,3	15,8	15,3	21,6

*) The key figures have been laid out in accordance with the publication "Anbefalinger & Nøgletal 2015" ("Recommendations & Key Figures 2015") published by the CFA Society Denmark. As to definitions, please see the section on accounting policies used.

The key figures appearing from the survey have been calculated as follows:

Equity share $$\frac{\text{Equity, closing balance x 100}}{\text{Assets in total, closing balance}}$$

Management's review

The principal activities of the group

In conformity with earlier years the main activity has consisted of development and production of fuel cells and hereby related systems.

Development in activities and financial matters

The company has made substantial investments in R&D and commercial expansion in the financial year as planned. A part of the investments has been made in production facilities and subsidiaries in line with the company's growth strategy. Profit after tax amounted to DKK -65.5 mio.

Special risks

The company's main risks are linked to the operating risk of successfully developing state-of-the-art fuel cells and hereby related systems. It is therefore important for the company to be a first mover of the technological development.

Environmental issues

The company has only a limited effect on the external environment, and no special measures have been made to prevent or reduce any damage. The company's products will have a positive impact on the environment, and will reduce carbon dioxide emissions.

Know how resources

The qualifications and know how of the employees in the company is a key competitive factor for Serenergy. These resources are maintained and improved through targeted internal and external development activities.

Research and development activities

Research and development has been the core of the company since the formation in 2006. In the financial year the development projects have been focused on improving and optimizing the performance of the fuel cells and related systems.

The expected development

The management expects an increase in turnover in 2017 and 2018 of 200-300% per year. Current investments in R&D and commercial expansion will continue, and financial losses is expected.

The company has secured financing of the research and development activities by the increase in equity. In extension the management has secured the financing of the future operations for the company through contracts and fixed credit limits.

Events subsequent to the financial year

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Accounting policies used

The annual report for Serenergy A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (medium sized enterprises).

Changes in the accounting policies used

With effect as of 1 January 2016, the company has made an implementation of the Danish law no. 738 of 1 June 2015. This implies the following changes to the recognition and measurement of:

1 Henceforth, residual values of tangible fixed assets

By application of the Danish Executive Order on Transition in relation to implementation of certain changes to the Danish Financial Statements Act, the following changes to the accounting policies used have taken place:

Henceforth, residual values of tangible fixed assets shall be subject to an annual reevaluation. Previously, the expected residual value was determined at the time of commencement of application of the asset and only under certain circumstances could this value be changed. The change is made in accordance with section 4 of the Danish Statutory Order no. 1849 of 15 December 2015, and it only has an effect as a change in accounting estimates. Therefore, it does not affect the equity.

The change has no monetary effect on the profit and loss account, on the balance sheet for 2016, or on the comparative figures.

The accounting policies used are unchanged in addition to the above compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the group is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the group is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Accounting policies used

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

In case the foreign group enterprises and associated enterprises meet the criteria for being independent units, the profit and loss accounts are translated by using an average exchange rate for the period in question, and the balance sheet items are translated by using the closing rate. Differences arising in connection with the translation of the equity of foreign group enterprises at the beginning of the year to the closing rate are recognised directly in the equity. The same goes for differences arising in connection with translation of the profit and loss accounts from average exchange rate to the closing rate.

At recognition of foreign group enterprises which are integrated units, the monetary items are translated by using the closing rate. Non monetary items are translated by using the exchange rate prevailing at the time of acquisition or at the time of the following depreciation or writedown of the asset. The items of the profit and loss account are translated by using the exchange rate prevailing at the date of the transaction. However, items in the profit and loss account deriving from non monetary items are translated by using historical prices.

Currency adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in the equity. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised in the equity.

The consolidated annual accounts

The consolidated annual accounts comprise the parent company Serenergy A/S and those group enterprises of which Serenergy A/S directly or indirectly owns more than 50 % of the voting rights or in other ways has controlling interest. Potential voting rights are included in the determination of the controlling influence. As it appears from the group chart, enterprises of which the group owns between 20 and 50 % of the voting rights and exercises considerable, but not controlling interest are considered associated enterprises.

By the consolidation, elimination of intercompany income and costs, shareholding, intercompany balances and dividends and realised and unrealised gains and losses from transactions among the consolidated enterprises takes place.

Equity interests in group enterprises are settled by the proportional share of the group enterprises' trade value of net assets and liabilities at the date of acquisition.

Newly acquired or newly established enterprises are recognised in the consolidated annual accounts as of the date of acquisition. Disposed or terminated enterprises are recognised in the consolidated annual accounts until the date of disposal. In relation to newly acquired, disposed or terminated enterprises, comparative figures are not adjusted.

In connection with the acquisition of new enterprises, the acquisition method is applied, by which the acquirees' identifiable assets and liabilities are measured at fair value at the time of acquisition. Costs for restructuring which are recognised in the acquiree before the acquisition date and which have not been agreed upon as part of the acquisition, are recognised in the pre-acquisition balance sheet and thereby forms part of the measurement of goodwill. Restructuring decided by the acquiree is recognised in the profit and loss account. The tax effect of the revaluations carried out is taken into consideration.

Positive balances (goodwill) between cost and fair value of the acquired, identifiable assets and liabilities, including provisions for restructuring, are recognised under intangible fixed assets and in accordance with an individual evaluation allocated on a systematic basis over their useful lives in the profit and loss account. Negative balances (negative goodwill) is recognised as income in the profit and loss account at the date of acquisition when the general requirements for recognition of income are met.

Goodwill and negative goodwill from acquirees may be adjusted until 12 months after the acquisition.

In case of business combinations such as acquisition and sale of equity investments, mergers, demergers, addition of assets and exchange of shares etc. with participation of enterprises under the control of the parent company, the merger method is applied, in which case the merger is considered implemented on the first day of the financial year, and restatement of comparative figures is made.

The profit and loss account

Gross loss

The gross loss comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs.

Accounting policies used

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income and costs comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains and losses on disposal of intangible and tangible fixed assets.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Interest and other costs concerning loans for financing the production of intangible and tangible fixed assets and concerning the production period are not recognised in the cost of the fixed asset.

Results from equity investments in group enterprises

After full elimination of intercompany profit or loss and deduction of amortisation of consolidated goodwill, the equity investment in the individual group enterprises are recognised in the profit and loss account at a proportional share of the group enterprises' results after tax.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

Accounting policies used

The balance sheet

Intangible fixed assets

Development projects, patents, and licences

Development costs and internally generated rights are recognised in the profit and loss account as costs in the acquisition year.

Goodwill

Acquired goodwill is measured at cost with deduction of accumulated amortisation. As it is not possible to determine a reliable estimate of the useful life, the amortisation period is set at 5 years.

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown. Land is not depreciated.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

Buildings	30 years
Technical plants and machinery	5-10 years
Other plants, operating assets, fixtures and furniture	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Accounting policies used

Leasing contracts

All other leasing contracts are considered operational leasing. Payments in connection with operational leasing and other rental agreements are recognised in the profit and loss account over the term of the contract. The group's total liabilities concerning operational leasing and rental agreements are recognised under contingencies etc.

Financial fixed assets

Equity investments in group enterprises

Equity investments in group enterprises are recognised in the balance sheet at a proportional share under the equity method, the value being calculated on the basis of the accounting policies of the parent company by the deduction or addition of unrealised intercompany profits and losses, and with the addition or deduction of residual value of positive or negative goodwill measured by applying the acquisition method.

Group enterprises and associated enterprises with negative equity are recognised without any value, and to the extent they are considered irrevocable, amounts owed by these companies are written down by the parent's share of the equity. If the negative equity exceeds the debtors, the residual amount is recognised under liability provisions to the extent the parent has a legal or actual liability to cover the negative equity of the subsidiary.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserves under the equity for net revaluation as per the equity method. Dividends from group enterprises expected to be decided before the approval of this annual report are not subject to a limitation of the revaluation reserves. The reserves are adjusted by other equity movements in group enterprises.

Newly taken over or newly established companies are recognised in the annual accounts as of the time of acquisition. Sold or liquidated companies are recognised at the time of cession.

In connection with the acquisition of new group enterprises and associated enterprises, the acquisition method is applied, by which the acquirees' assets and liabilities are measured at fair value at the time of acquisition. Provisions for payment of costs for decided restructuring activities in the acquirees in relation to the acquisition are recognised. The tax effect of the revaluations carried out is taken into consideration.

Positive differences (goodwill) between cost and fair value of identifiable, acquired assets and liabilities, inclusive of liability provisions for restructuring, are recognised under equity investments in group enterprises, and they are amortised over their estimated useful life. The useful life is determined on the basis of the management's experience with the individual business areas. The amortisation period is maximum 20 years, being the longer for strategical acquirees with a strong market position and a long-range earnings potential. The book value of goodwill is evaluated currently and written down in the profit and loss account in those cases where the book value exceeds the expected future net income from the enterprise or the activity, to which the goodwill is attached.

Accounting policies used

Other securities and equity investments

Securities and equity investments recognised under fixed assets comprise listed bonds and shares which are measured at fair value on the balance sheet date. Listed securities are measured at market price.

Other unlisted securities are measured at fair value. The measurement is made on the basis of a return-based cash flow model based on expected future net cash flow over a period of 5 years and a terminal period. Furthermore, the fair value is adjusted for net interest-bearing debt.
Other unlisted securities are measured at cost. Writedown takes place to the recoverable amount, if this value is lower than the book value.

Inventories

Inventories are measured at cost on basis of measured average prices. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The cost for manufactured goods and works in progress comprises the cost for raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance of and depreciation on machinery, factory buildings and equipment applied during the production process, and costs for factory administration and factory management. Borrowing costs are not recognised in cost.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Other provisions

Provisions comprise expected costs for guarantee liabilities, loss on work in progress, restructuring, etc. Provisions are recognised when the group has a legal or actual liability which is due to a previous event and when it is likely that the settlement of the liability will result in expenditure of the financial resources of the group.

If the settlement of the liability is expected to take place in some remote future, provisions are measured at the net realisable value or at fair value.

Guarantee liabilities comprise liabilities for repairs within the guarantee period of 1-5 years. The provisions are measured at the net realisable value and recognised on basis of the obtained experience with guarantee work. If provisions have an expected due date later than 1 year from the balance sheet date, they are discounted at the average bond interest.

Liabilities

Financial liabilities related to borrowings are recognised at the received proceeds with the deduction of transaction costs incurred. In following periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value by use of the effective interest. The difference between the proceeds and the nominal value is recognised in the profit and loss account during the term of the loan.

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

Accrued expenses and deferred income

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.

The cash flow statement

The cash flow statement shows the cash flow of the group for the year, divided in cash flows deriving from operating activities, investment activities, and financing activities respectively, the changes in the liabilities, and the available funds at the beginning and the end of the year respectively.

The effect of cash flow deriving from purchase and sale of enterprises appears separately under cash flow from investment activities. In the cash flow statement, cash flow deriving from purchased enterprises is recognised as of the date of acquisition, and cash flow deriving from sold enterprises is recognised until the sales date.

Cash flow from operating activities

Cash flow from operating activities are calculated as the results for the year adjusted for non-cash operating items, the change in the working capital, and corporate tax paid.

Accounting policies used

Cash flow from investment activities

Cash flow from investment activities comprises payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible and tangible fixed assets and fixed asset investments respectively.

Cash flow from financing activities

Cash flow from financing activities comprises changes in the size or the composition of the share capital and the costs in this connection. Furthermore, these activities comprise borrowings, instalments on interestbearing debt, and payment of dividend to the shareholders.

Available funds

Available funds comprise cash funds and short-term securities with a term of less than 3 months which can easily be converted into cash funds and on which only an insignificant risk of value changes exists.

Profit and loss account 1 January - 31 December

Amounts concerning 2016: DKK.
Amounts concerning 2015: DKK in thousands.

Note		Group 2016	Group 2015	Parent enterprise 2016	Parent enterprise 2015
	Gross loss	**-36.962.062**	**-6.706**	**-36.965.361**	**-6.706**
1	Staff costs	-31.953.718	-21.925	-31.953.718	-21.925
	Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-778.352	-1.493	-681.709	-1.493
	Other operating costs	-12.804	0	-12.804	0
	Operating profit	**-69.706.936**	**-30.124**	**-69.613.592**	**-30.124**
	Income from equity investments in group enterprises	0	0	-93.344	0
	Other financial income	257	3	257	3
2	Other financial costs	-447.768	-1.051	-447.768	-1.051
	Results before tax	**-70.154.447**	**-31.172**	**-70.154.447**	**-31.172**
	Tax on ordinary results	4.695.570	5.081	4.695.570	5.081
	Results from ordinary activities after tax	**-65.458.877**	**-26.091**	**-65.458.877**	**-26.091**
3	**Results for the year**	**-65.458.877**	**-26.091**	**-65.458.877**	**-26.091**

Balance sheet 31 December

Amounts concerning 2016: DKK.
Amounts concerning 2015: DKK in thousands.

Assets

Note		Group 2016	Group 2015	Parent enterprise 2016	Parent enterprise 2015
	Fixed assets				
4	Acquired rigths and technology	14.424.010	0	0	0
5	Goodwill	4.808.003	0	0	0
	Intangible fixed assets in total	19.232.013	0	0	0
6	Land and property	8.437.885	8.287	8.437.885	8.287
7	Production plant and machinery	64.409	40	64.409	40
8	Other plants, operating assets, and fixtures and furniture	5.145.508	987	5.018.821	987
9	Tangible assets under construction and prepayments for tangible assets	5.778.534	1.110	5.778.534	1.110
	Tangible fixed assets in total	19.426.336	10.424	19.299.649	10.424
10	Equity investments in group enterprises	0	0	23.065.175	0
11	Other securities and equity investments	539.433	0	0	0
12	Deposits	493.700	400	400.000	400
	Financial fixed assets in total	1.033.133	400	23.465.175	400
	Fixed assets in total	**39.691.482**	**10.824**	**42.764.824**	**10.824**

Balance sheet 31 December

Amounts concerning 2016: DKK.
Amounts concerning 2015: DKK in thousands.

Assets

Note		Group 2016	Group 2015	Parent enterprise 2016	Parent enterprise 2015
	Current assets				
	Raw materials and consumables	13.436.521	7.480	13.436.521	7.480
	Prepayments for goods	401.495	225	401.495	225
	Inventories in total	13.838.016	7.705	13.838.016	7.705
	Trade debtors	10.178.227	5.287	7.784.735	5.287
	Amounts owed by group enterprises	0	0	2.743.540	0
	Receivable corporate tax	4.746.643	2.646	4.695.576	2.646
	Other debtors	10.000.142	13.131	8.510.205	13.131
13	Accrued income and deferred expenses	146.637	0	106.294	0
	Debtors in total	25.071.649	21.064	23.840.350	21.064
	Available funds	17.493.535	8.316	14.317.807	8.316
	Current assets in total	**56.403.200**	**37.085**	**51.996.173**	**37.085**
	Assets in total	**96.094.682**	**47.909**	**94.760.997**	**47.909**

Balance sheet 31 December

Amounts concerning 2016: DKK.
Amounts concerning 2015: DKK in thousands.

Equity and liabilities

Note		Group 2016	Group 2015	Parent enterprise 2016	Parent enterprise 2015
	Equity				
	Contributed capital	3.303.040	2.172	3.303.040	2.172
	Results brought forward	20.728.446	26.240	20.728.446	26.240
	Equity in total	**24.031.486**	**28.412**	**24.031.486**	**28.412**
	Provisions				
14	Provisions for deferred tax	94.893	0	0	0
15	Other provisions	2.536.806	1.253	2.536.806	1.253
	Provisions in total	**2.631.699**	**1.253**	**2.536.806**	**1.253**
	Liabilities				
	Prepayments received from customers	0	1.526	0	1.526
	Trade creditors	12.307.599	4.188	12.263.104	4.188
	Debt to group enterprises	30.852.760	8.556	30.852.760	8.556
	Other debts	25.828.138	3.974	25.076.841	3.974
16	Accrued expenses and deferred income	443.000	0	0	0
	Short-term liabilities in total	69.431.497	18.244	68.192.705	18.244
	Liabilities in total	**69.431.497**	**18.244**	**68.192.705**	**18.244**
	Equity and liabilities in total	**96.094.682**	**47.909**	**94.760.997**	**47.909**

17 Mortgage and securities

18 Contingencies

19 Related parties

Consolidated statement of changes in equity

All amounts in DKK.

	Contributed capital	Results brought forward	In total
Equity 1 January 2015	1.244.985	3.714.640	4.959.625
Cash capital increase	926.955	0	926.955
Profit or loss for the year brought forward	0	-26.091.166	-26.091.166
Adjustment 2	0	48.615.549	48.615.549
Equity 1 January 2016	2.171.940	26.239.023	28.410.963
Cash capital increase	1.131.100	0	1.131.100
Profit or loss for the year brought forward	0	-65.458.877	-65.458.877
Adjustment 2	0	59.948.300	59.948.300
	3.303.040	**20.728.446**	**24.031.486**

Statement of changes in equity of the parent enterprise

All amounts in DKK.

	Contributed capital	Results brought forward	In total
Equity 1 January 2015	1.244.985	3.714.640	4.959.625
Cash capital increase	926.955	48.615.549	49.542.504
Profit or loss for the year brought forward	0	-26.091.166	-26.091.166
Equity 1 January 2016	2.171.940	26.239.023	28.410.963
Cash capital increase	1.131.100	59.948.300	61.079.400
Profit or loss for the year brought forward	0	-65.458.877	-65.458.877
	3.303.040	**20.728.446**	**24.031.486**

Cash flow statement 1 January - 31 December

Amounts concerning 2016: DKK.
Amounts concerning 2015: DKK in thousands.

Note		Group 2016	2015
	Results for the year	-65.458.877	-26.091
20	Adjustments	-2.172.917	-1.287
21	Change in working capital	24.177.060	-27.345
	Cash flow from operating activities before net financials	-43.454.734	-54.723
	Interest received and similar amounts	257	1
	Interest paid and similar amounts	-447.768	-1.051
	Cash flow from ordinary activities	-43.902.245	-55.773
	Corporate tax paid	2.646.047	2.435
	Cash flow from operating activities	**-41.256.198**	**-53.338**
	Purchase of intangible fixed assets	0	0
	Purchase of tangible fixed assets	-9.569.702	-3.037
	Sale of tangible fixed assets	0	0
	Purchase of financial fixed assets	0	0
	Purchase of financial instruments	-1.075.845	0
	Cash flow from investment activities	**-10.645.547**	**-3.037**
	Cash capital increase	61.079.400	49.543
	Cash flow from financing activities	**61.079.400**	**49.543**
	Changes in available funds	**9.177.655**	**-6.832**
	Available funds 1 January 2016	8.315.880	15.148
	Available funds 31 December 2016	**17.493.535**	**8.316**
	Available funds		
	Available funds	17.493.535	8.316
	Available funds 31 December 2016	**17.493.535**	**8.316**

Notes

Amounts concerning 2016: DKK.
Amounts concerning 2015: DKK in thousands.

		Group 2016	Group 2015	Parent enterprise 2016	Parent enterprise 2015
1.	**Staff costs**				
	Salaries and wages	31.398.547	21.648	31.398.547	21.648
	Other costs for social security	478.514	277	478.514	277
	Other staff costs	76.657	0	76.657	0
		31.953.718	**21.925**	**31.953.718**	**21.925**
	Average number of employees	71	39	59	39
2.	**Other financial costs**				
	Financial costs, group enterprises	436.256	739	436.256	739
	Other financial costs	11.512	312	11.512	312
		447.768	**1.051**	**447.768**	**1.051**

		Parent enterprise 2016	Parent enterprise 2015
3.	**Proposed distribution of the results**		
	Allocated from results brought forward	-65.458.877	-26.091
	Distribution in total	**-65.458.877**	**-26.091**

Notes

Amounts concerning 2016: DKK.
Amounts concerning 2015: DKK in thousands.

		Group		Parent enterprise	
		31/12 2016	31/12 2015	31/12 2016	31/12 2015
4.	**Acquired rigths and technology**				
	Cost 1 January 2016	2.317.200	2.317	2.317.200	2.317
	Additions during the year	14.496.492	0	0	0
	Cost 31 December 2016	**16.813.692**	**2.317**	**2.317.200**	**2.317**
	Amortisation and writedown 1 January 2016	-2.317.200	-1.127	-2.317.200	-1.127
	Amortisation for the year	-72.482	-1.190	0	-1.190
	Amortisation and writedown 31 December 2016	**-2.389.682**	**-2.317**	**-2.317.200**	**-2.317**
	Book value 31 December 2016	**14.424.010**	**0**	**0**	**0**
5.	**Goodwill**				
	Additions during the year	4.832.164	0	0	0
	Cost 31 December 2016	**4.832.164**	**0**	**0**	**0**
	Amortisation for the year	-24.161	0	0	0
	Amortisation and writedown 31 December 2016	**-24.161**	**0**	**0**	**0**
	Book value 31 December 2016	**4.808.003**	**0**	**0**	**0**

Notes

Amounts concerning 2016: DKK.
Amounts concerning 2015: DKK in thousands.

		Group		Parent enterprise	
		31/12 2016	31/12 2015	31/12 2016	31/12 2015
6.	**Land and property**				
	Cost 1 January 2016	8.609.302	7.520	8.609.302	7.520
	Additions during the year	320.060	1.089	320.060	1.089
	Cost 31 December 2016	**8.929.362**	**8.609**	**8.929.362**	**8.609**
	Depreciation and writedown 1 January 2016	-321.705	-185	-321.705	-185
	Depreciation for the year	-169.772	-137	-169.772	-137
	Depreciation and writedown 31 December 2016	**-491.477**	**-322**	**-491.477**	**-322**
	Book value 31 December 2016	**8.437.885**	**8.287**	**8.437.885**	**8.287**
7.	**Production plant and machinery**				
	Cost 1 January 2016	476.672	477	476.672	477
	Additions during the year	63.000	0	63.000	0
	Disposals during the year	-297.826	0	-297.826	0
	Cost 31 December 2016	**241.846**	**477**	**241.846**	**477**
	Depreciation and writedown 1 January 2016	-436.431	-401	-436.431	-401
	Depreciation for the year	-38.832	-36	-38.832	-36
	Reversal of depreciation, amortisation and writedown, assets disposed of	297.826	0	297.826	0
	Depreciation and writedown 31 December 2016	**-177.437**	**-437**	**-177.437**	**-437**
	Book value 31 December 2016	**64.409**	**40**	**64.409**	**40**

Notes

Amounts concerning 2016: DKK.
Amounts concerning 2015: DKK in thousands.

		Group		Parent enterprise	
		31/12 2016	31/12 2015	31/12 2016	31/12 2015
8.	**Other plants, operating assets, and fixtures and furniture**				
	Cost 1 January 2016	2.115.123	1.200	2.038.016	1.200
	Additions during the year	4.631.528	838	4.518.108	838
	Disposals during the year	-685.359	0	-685.359	0
	Cost 31 December 2016	**6.061.292**	**2.038**	**5.870.765**	**2.038**
	Depreciation and writedown 1 January 2016	-1.092.758	-921	-1.051.397	-921
	Depreciation for the year	-495.581	-130	-473.102	-130
	Reversal of depreciation, amortisation and writedown, assets disposed of	672.555	0	672.555	0
	Depreciation and writedown 31 December 2016	**-915.784**	**-1.051**	**-851.944**	**-1.051**
	Book value 31 December 2016	**5.145.508**	**987**	**5.018.821**	**987**

		Group		Parent enterprise	
		31/12 2016	31/12 2015	31/12 2016	31/12 2015
9.	**Tangible assets under construction and prepayments for tangible assets**				
	Cost 1 January 2016	1.110.000	0	1.110.000	0
	Additions during the year	4.668.534	1.110	4.668.534	1.110
	Cost 31 December 2016	**5.778.534**	**1.110**	**5.778.534**	**1.110**
	Book value 31 December 2016	**5.778.534**	**1.110**	**5.778.534**	**1.110**

Notes

Amounts concerning 2016: DKK.
Amounts concerning 2015: DKK in thousands.

		Group		Parent enterprise	
		31/12 2016	31/12 2015	31/12 2016	31/12 2015
10.	**Equity investments in group enterprises**				
	Additions during the year	0	0	23.158.519	0
	Cost 31 December 2016	**0**	**0**	**23.158.519**	**0**
	Results for the year before goodwill amortisation	0	0	3.299	0
	Revaluation 31 December 2016	**0**	**0**	**3.299**	**0**
	Amortisation of goodwill for the year	0	0	-96.643	0
	Depreciation on goodwill 31 December 2016	**0**	**0**	**-96.643**	**0**
	Book value 31 December 2016	**0**	**0**	**23.065.175**	**0**
	The items include goodwill with an amount of	0	0	4.808.003	0
	Goodwill is recognised under the item "Additions during the year" with an amount of	0	0	4.832.164	0

Group enterprises:

	Domicile	Share of ownership
Serenergy Pvt. Ltd, India	Mumbai, India	100 %
Danish Power Systems ApS	Kvistgaard, Denmark	10 %

Notes

Amounts concerning 2016: DKK.
Amounts concerning 2015: DKK in thousands.

		Group		Parent enterprise	
		31/12 2016	31/12 2015	31/12 2016	31/12 2015
11.	**Other securities and equity investments**				
	Cost 1 January 2016	539.433	0	0	0
	Cost 31 December 2016	**539.433**	**0**	**0**	**0**
	Book value 31 December 2016	**539.433**	**0**	**0**	**0**
12.	**Deposits**				
	Cost 1 January 2016	493.700	400	400.000	400
	Cost 31 December 2016	**493.700**	**400**	**400.000**	**400**
	Book value 31 December 2016	**493.700**	**400**	**400.000**	**400**
13.	**Accrued income and deferred expenses**				
	Other prepayments	146.637	0	106.294	0
		146.637	**0**	**106.294**	**0**
14.	**Provisions for deferred tax**				
	Deferred tax of the results for the year	94.893	0	0	0
		94.893	**0**	**0**	**0**

Notes

Amounts concerning 2016: DKK.
Amounts concerning 2015: DKK in thousands.

		Group		Parent enterprise	
		31/12 2016	31/12 2015	31/12 2016	31/12 2015
15.	**Other provisions**				
	Other provisions 1 January 2016	1.252.820	0	1.252.820	0
	Change of the year in other provisions	1.283.986	1.253	1.283.986	1.253
		2.536.806	**1.253**	**2.536.806**	**1.253**
16.	**Accrued expenses and deferred income**				
	Prepayments/deferred income	443.000	0	0	0
		443.000	**0**	**0**	**0**

17. Mortgage and securities

Mortgage and securities for the parent enterprise

For bank debts, DKK 0, the company has provided security in company assets representing a nominal value of DKK 1.700.000. This security comprises the below assets, stating the book values:

Inventories	DKK 13.838.016
Receivable from sales and services	DKK 7.784.736
Other debtors	DKK 16.055.615
Other plants, operating assets, fixtures and furniture	DKK 5.018.534
Technical plants and machinery	DKK 64.409

Notes

Amounts concerning 2016: DKK.
Amounts concerning 2015: DKK in thousands.

. Mortgage and securities (continued)

Mortgage and securities for the group

For bank debts, DKK 0, the group has provided security in group assets representing a nominal value of DKK 1.700.000. This security comprises the below assets, stating the book values:

Inventories	DKK 13.838.016
Receivable from sales and services	DKK 7.784.736
Other debtors	DKK 16.055.615
Other plants, operating assets, fixtures and furniture	DKK 5.018.534
Technical plants and machinery	DKK 64.409

18. Contingencies

Contingent liabilities

Contingent liabilities for the parent enterprise

Leasing liabilities:

The company has entered into operational leasing contracts with an average annual leasing payment of DKK 39.264. The leasing contracts have 54 months left to run, and the total outstanding leasing payment is DKK 183.232.

Rental liabilities:

The company has entered into a rental contract. The rental contract is interminable until 1 May 2020. The total liability amounts to DKK 885.000.

Contingent liabilitis for the group

Leasing liabilities:

The group has entered into operational leasing contracts with an average annual leasing payment of DKK 39.264. The leasing contracts have 54 months left to run, and the total outstanding leasing payment is DKK 183.232.

Rental liabilities:

The group has entered into a rental contract. The rental contract is interminable until 6 monts and 1 May 2020. The total liability amounts to DKK 1.073.000.

Notes

Amounts concerning 2016: DKK.
Amounts concerning 2015: DKK in thousands.

19. Related parties

Controlling interest

F.E.R. fischer Edelstahlrohre GmbH Im Gewerbegebiet 7 77855 Achern Germany	Majority shareholder

20. Adjustments

Depreciation and amortisation	778.352	1.493
Loss of discontinued assets	12.804	0
Income from equity investments in group enterprises	0	0
Other financial income	-257	-3
Other financial costs	447.768	1.051
Tax on ordinary results	-4.695.570	-5.081
Other provisions	1.283.986	1.253
	-2.172.917	**-1.287**

21. Change in working capital

Change in inventories	-6.132.153	-5.348
Change in debtors	1.178.096	-14.080
Change in trade creditors and other liabilities	29.131.117	-7.917
	24.177.060	**-27.345**