Better Energy World A/S

Kigkurren 8D, 1., DK-2300 København S

Annual Report for 1 January - 31 December 2016

CVR No 31 86 58 83

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 22/3 2017

Rasmus Lildholdt Kjær
Chairman

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Better Energy World 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 and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2016 of the Company and the Group and of the results of the Company and Group operations for 2016.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Copenhagen, 22 March 2017

Executive Board

Rasmus Lildholdt Kjær

Board of Directors

Mark Augustenborg Ødum Chairman	Rasmus Lildholdt Kjær	Anders Knokgaard Nielsen

Independent Auditor's Report

To the Shareholders of Better Energy World A/S

Opinion
In our opinion, the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position of the Company and the Group at 31 December 2016 and of the results of the Company and the Group operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements and the Consolidated Financial Statements of Better Energy World A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Parent Company and the Group (”financial statements”).

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 Group 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the financial statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and the Consolidated Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

Management's Responsibilities for the Financial Statements
Management is responsible for the preparation of Financial Statements and the Consolidated 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 and the Group'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 the Group 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 these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment 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 and the Group's internal control.

- 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 and the Group'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 and the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. 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 internal control that we identify during our audit.

Hellerup, 22 March 2017
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jens Michael Colstrup
statsautoriseret revisor

Company Information

The Company	Better Energy World A/S Kigkurren 8D, 1. DK-2300 København S CVR No: 31 86 58 83 Financial period: 1 January - 31 December Incorporated: 8 May 2014 Financial year: 3rd financial year Municipality of reg. office: København
Board of Directors	Mark Augustenborg Ødum, Chairman Rasmus Lildholdt Kjær Anders Knokgaard Nielsen
Executive Board	Rasmus Lildholdt Kjær
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

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

	Group	
	2016	2015
	TDKK	TDKK
Key figures		
Profit/loss		
Revenue	31.320	24.111
Operating profit/loss	6.374	4.792
Profit/loss before financial income and expenses	6.374	4.792
Net financials	11.272	362
Net profit/loss for the year	15.987	4.077
Balance sheet		
Balance sheet total	49.110	19.737
Equity	24.760	8.431
Investment in property, plant and equipment	78	1.860
Number of employees	10	6
Ratios		
Gross margin	51,5%	36,2%
Profit margin	20,4%	19,9%
Return on assets	13,0%	24,3%
Solvency ratio	50,4%	42,7%
Return on equity	96,3%	96,7%

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

Management's Review

Main activity

The Group is an integrated independent solar power producer, focused on delivering competitive, local and sustainable solar power in selected markets around the world.

The Group develops, builds, finances, operates and maintains solar power plants.

The Groups primary sources of income are divestments of solar power plants, management of solar power plants and sale of electrical power from operational solar power plants.

Market overview

Solar power is becoming the least expensive source of electricity in many countries and regions around the world. Solar power has become competitive for several reasons, including falling equipment costs and improvements in technology, which have resulted in greater efficiency in converting the solar irradiation into energy.

The demand for energy is increasing throughout the globe due to population growth, electrification of household goods, electric vehicles gaining in popularity and automatisation of more production facilities.

The relatively predictable cash flow generation of solar assets attracts favourable financing terms. That, coupled with the historically low interest rate environment, has resulted in greater deployment of solar power.

Development in the year

The income statement of the Group for 2016 shows a profit of DKK 15,986,937, and at 31 December 2016 the balance sheet of the Group shows equity of DKK 24,760,370.

A total of 40 MWp Solar power capacity was built and grid connected during the year in Denmark, Germany and the United Kingdom. Furthermore, the Group issued it's first Solar Power Climate Bonds in 2016, introducing a new source of capital to finance solar power.

In the year 2016, the Group formed a joint venture with Pure Energy Development A/S creating Pure & Better Energy A/S ("Pure & Better Energy"). Pure & Better Energy participated in the first Danish solar photovoltaic tender and was awarded a tariff for 20 MW at a record low price, gaining international attention and interest.

Management's Review

Special risks - operating risks and financial risks

Operating risks

The Group has operational risks related to the performance of existing solar power plants, timely completion of solar power plants under construction, and progress in realising future projects to construction, grid connection and financial close.

Further, the Group has risks typical for the business model of the industry. Risks include the electricity price and component/equipment price market, interest, currency and financial markets.

Targets and expectations for the year ahead

The Group will continue its business model and deploy solar power plants in Denmark, Germany, the United Kingdom and other countries. The Group anticipates to grow revenue and profit compared to 2016.

The Group has secured and developed a pipeline of ready-to-build projects of more than 90 MWp in Denmark, with anticipated construction in 2017 and 2018, and additional development pipeline in other countries totalling 130 MWp.

The Group will continue to develop long-term relationships with investors and banks in order to secure the financing of solar power plants. The Group also plans to issue new Solar Power Climate Bonds in 2017 and the years to come.

Research and development

The Group continues to research and monitor the market for new technologies related to solar power and the electricity markets. In addition, the Group follows relevant developments in legislation pertaining to the energy sector. Finally, the Group monitors the availability of finance for solar plants with the aim to lower its leveraged cost of energy ("LCOE") and cost of capital, seeking thereby to enhance the competitiveness of solar power as a source for electricity generation.

Environment and Sustainability

The Group is committed to addressing climate change and energy independence through sustainable solar power energy development and deployment, generating a brighter future for all.

Unusual events

The financial position at 31 December 2016 of the Group and the results of the activities of the Group for the financial year for 2016 have not been affected by any unusual events.

Management's Review

Subsequent events

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

Income Statement 1 January - 31 December

	Note	Group		Parent	
		2016	2015	2016	2015
		DKK	DKK	DKK	DKK
Revenue		**31.319.718**	**24.111.484**	**0**	**0**
Cost of sales		-10.212.277	-10.369.667	0	0
Other external expenses		-4.976.331	-5.016.095	-184.955	-18.122
Gross profit/loss		**16.131.110**	**8.725.722**	**-184.955**	**-18.122**
Staff expenses	1	-9.380.575	-3.873.295	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-376.981	-60.231	0	0
Profit/loss before financial income and expenses		**6.373.554**	**4.792.196**	**-184.955**	**-18.122**
Income from investments in subsidiaries		0	0	5.678.501	4.066.475
Income from investments in associates		10.652.320	0	10.652.320	0
Financial income	3	1.174.724	522.677	63.708	17.793
Financial expenses	4	-555.322	-161.052	-284.007	-107.391
Profit/loss before tax		**17.645.276**	**5.153.821**	**15.925.567**	**3.958.755**
Tax on profit/loss for the year	5	-1.658.339	-1.076.946	89.148	25.314
Net profit/loss for the year		**15.986.937**	**4.076.875**	**16.014.715**	**3.984.069**

Distribution of profit

	Group		Parent	
	2016	2015	2016	2015
	DKK	DKK	DKK	DKK
Proposed distribution of profit				
Extraordinary dividend paid	0	0	0	0
Proposed dividend for the year	3.000.000	0	3.000.000	0
Reserve for net revaluation under the equity method	10.652.320	0	13.330.821	4.066.475
Minority interests' share of net profit/loss of subsidiaries	-27.782	43.174	0	0
Retained earnings	2.362.399	4.033.701	-316.106	-82.406
	15.986.937	**4.076.875**	**16.014.715**	**3.984.069**

Balance Sheet 31 December

Assets

		Group		Parent	
	Note	2016	2015	2016	2015
		DKK	DKK	DKK	DKK
Administration agreements		465.383	537.125	0	0
Intangible assets	6	**465.383**	**537.125**	**0**	**0**
Other fixtures and fittings, tools and equipment		1.557.135	1.654.397	0	0
Leasehold improvements		99.232	145.560	0	0
Property, plant and equipment	7	**1.656.367**	**1.799.957**	**0**	**0**
Investments in subsidiaries	8	0	0	21.874.805	12.687.893
Investments in associates	9	11.138.843	0	10.692.320	0
Deposits	10	450.559	0	0	0
Debt instruments	10	20.258.757	3.344.057	376.441	0
Fixed asset investments		**31.848.159**	**3.344.057**	**32.943.566**	**12.687.893**
Fixed assets		**33.969.909**	**5.681.139**	**32.943.566**	**12.687.893**
Trade receivables		2.515.319	1.294.794	0	0
Contract work in progress	11	4.527.160	7.813.637	0	0
Receivables from group enterprises		0	0	11.058.192	11.943
Other receivables		6.590.107	3.521.441	3.027.215	846.441
Corporation tax		47.301	8	89.156	25.314
Prepayments		391.838	16.259	0	0
Receivables		**14.071.725**	**12.646.139**	**14.174.563**	**883.698**
Current asset investments		**23.244**	**23.244**	**0**	**0**
Cash at bank and in hand		**1.045.011**	**1.386.858**	**1.590**	**1.848**
Currents assets		**15.139.980**	**14.056.241**	**14.176.153**	**885.546**
Assets		**49.109.889**	**19.737.380**	**47.119.719**	**13.573.439**

Balance Sheet 31 December

Liabilities and equity

		Group		Parent	
	Note	2016	2015	2016	2015
		DKK	DKK	DKK	DKK
Share capital		500.000	500.000	500.000	500.000
Reserve for net revaluation under the equity method		10.652.320	0	19.934.407	6.161.924
Retained earnings		10.508.889	7.733.931	1.255.902	1.572.007
Proposed dividend for the year		3.000.000	0	3.000.000	0
Equity attributable to shareholders of the Parent Company		**24.661.209**	**8.233.931**	**24.690.309**	**8.233.931**
Minority interests		99.161	197.470	0	0
Equity	12	**24.760.370**	**8.431.401**	**24.690.309**	**8.233.931**
Provision for deferred tax	13	934.240	2.051.911	0	0
Provisions		**934.240**	**2.051.911**	**0**	**0**
Credit institutions		1.063.700	1.224.166	0	0
Bond debt		4.500.000	0	4.500.000	0
Long-term debt	14	**5.563.700**	**1.224.166**	**4.500.000**	**0**
Credit institutions	14	220.070	110.474	0	0
Prepayments received from customers		119.385	0	0	0
Trade payables		4.577.135	2.760.264	16.200	0
Payables to group enterprises		0	0	17.207.961	5.074.753
Payables to associates		71.233	0	71.233	0
Corporation tax		3.368.428	769.549	0	0
Other payables		9.495.328	4.389.615	634.016	264.755
Short-term debt		**17.851.579**	**8.029.902**	**17.929.410**	**5.339.508**
Debt		**23.415.279**	**9.254.068**	**22.429.410**	**5.339.508**
Liabilities and equity		**49.109.889**	**19.737.380**	**47.119.719**	**13.573.439**
Contingent assets, liabilities and other financial obligations	15				
Related parties	16				

Statement of Changes in Equity

Group

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	500.000	0	7.733.931	0	8.233.931	197.470	8.431.401
Change in ownership	0	0	0	0	0	-70.527	-70.527
Other equity movements	0	0	412.559	0	412.559	0	412.559
Net profit/loss for the year	0	10.652.320	2.362.399	3.000.000	16.014.719	-27.782	15.986.937
Equity at 31 December	**500.000**	**10.652.320**	**10.508.889**	**3.000.000**	**24.661.209**	**99.161**	**24.760.370**

Parent

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
Equity at 1 January	500.000	6.161.924	1.572.008	0	8.233.932	0	8.233.932
Other equity movements	0	441.662	0	0	441.662	0	441.662
Net profit/loss for the year	0	13.330.821	-316.106	3.000.000	16.014.715	0	16.014.715
Equity at 31 December	**500.000**	**19.934.407**	**1.255.902**	**3.000.000**	**24.690.309**	**0**	**24.690.309**

Notes to the Financial Statements

	Group		Parent	
	2016	2015	2016	2015
	DKK	DKK	DKK	DKK

1 Staff expenses

	2016	2015	2016	2015
Wages and salaries	9.148.642	3.683.379	0	0
Other social security expenses	67.594	32.514	0	0
Other staff expenses	164.339	157.402	0	0
	9.380.575	**3.873.295**	**0**	**0**
Average number of employees	**10**	**6**	**0**	**0**

2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

	2016	2015	2016	2015
Amortisation of intangible assets	155.127	0	0	0
Depreciation of property, plant and equipment	221.854	60.231	0	0
	376.981	**60.231**	**0**	**0**

3 Financial income

	2016	2015	2016	2015
Interest received from group enterprises	0	0	36.493	0
Other financial income	1.174.680	522.677	27.215	17.793
Exchange gains	44	0	0	0
	1.174.724	**522.677**	**63.708**	**17.793**

4 Financial expenses

	2016	2015	2016	2015
Interest paid to group enterprises	0	0	219.991	80.083
Other financial expenses	248.493	160.909	64.016	27.308
Exchange loss	306.829	143	0	0
	555.322	**161.052**	**284.007**	**107.391**

Notes to the Financial Statements

5 Tax on profit/loss for the year

	Group		Parent	
	2016	2015	2016	2015
	DKK	DKK	DKK	DKK
Current tax for the year	2.726.417	683.117	-89.156	-25.314
Deferred tax for the year	-1.117.671	393.829	0	0
Adjustment of tax concerning previous years	54.931	0	8	0
Adjustment of deferred tax concerning previous years	-5.338	0	0	0
	1.658.339	**1.076.946**	**-89.148**	**-25.314**

6 Intangible assets

Group

	Administration agreements
	DKK
Cost at 1 January	537.125
Additions for the year	83.385
Cost at 31 December	620.510
Impairment losses and amortisation at 1 January	0
Amortisation for the year	155.127
Impairment losses and amortisation at 31 December	155.127
Carrying amount at 31 December	**465.383**

Notes to the Financial Statements

7 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost at 1 January	1.668.300	231.642
Additions for the year	78.264	0
Cost at 31 December	1.746.564	231.642
Impairment losses and depreciation at 1 January	13.903	86.082
Depreciation for the year	175.526	46.328
Impairment losses and depreciation at 31 December	189.429	132.410
Carrying amount at 31 December	**1.557.135**	**99.232**
Depreciated over	3-10 years	5 years

8 Investments in subsidiaries

	Parent	
	2016	2015
	DKK	DKK
Cost at 1 January	6.525.969	5.761.215
Additions for the year	6.066.749	764.754
Cost at 31 December	12.592.718	6.525.969
Value adjustments at 1 January	6.161.924	2.106.219
Exchange adjustment	0	-5.689
Net profit/loss for the year	5.678.501	4.066.475
Dividend to the Parent Company	-3.000.000	0
Adjustments to opening value	441.662	-5.081
Value adjustments at 31 December	9.282.087	6.161.924
Carrying amount at 31 December	**21.874.805**	**12.687.893**

Notes to the Financial Statements

8 Investments in subsidiaries (continued)

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Better Energy Invest A/S	Copenhagen	DKK 500.000	98,2%
Better Energy Generation A/S	Copenhagen	DKK 500.000	100%
Better Energy Solar A/S	Copenhagen	DKK 500.000	100%
Better Energy Sustainable Finance A/S	Copenhagen	DKK 5.000.000	100%

9 Investments in associates

	Group		Parent	
	2016	2015	2016	2015
	DKK	DKK	DKK	DKK
Cost at 1 January	0	0	0	0
Additions for the year	486.523	0	40.000	0
Cost at 31 December	486.523	0	40.000	0
Value adjustments at 1 January	0	0	0	0
Net profit/loss for the year	10.652.320	0	10.652.320	0
Value adjustments at 31 December	10.652.320	0	10.652.320	0
Carrying amount at 31 December	**11.138.843**	**0**	**10.692.320**	**0**

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Pure & Better Energy Holding ApS	Copenhagen	DKK 80.000	50%
Sandvikenvej Infrastrukturselskab ApS	Copenhagen	DKK 80.000	53,8%

Notes to the Financial Statements

10 Other fixed asset investments

	Group		Parent
	Deposits	Debt instruments	Debt instruments
	DKK	DKK	DKK
Cost at 1 January	114.162	4.188.800	376.441
Additions for the year	336.397	23.943.902	0
Disposals for the year	0	-7.648.953	0
Cost at 31 December	450.559	20.483.749	376.441
Impairment losses at 1 January	0	100.000	0
Exchange adjustment	0	124.992	0
Impairment losses at 31 December	0	224.992	0
Carrying amount at 31 December	**450.559**	**20.258.757**	**376.441**

11 Contract work in progress

	Group		Parent	
	2016	2015	2016	2015
	DKK	DKK	DKK	DKK
Selling price of work in progress	4.527.160	7.813.637	0	0
	4.527.160	**7.813.637**	**0**	**0**

12 Equity

The share capital consists of 500 shares of a nominal value of DKK 1,000. No shares carry any special rights.

There have been no changes in the share capital since incorporation.

Notes to the Financial Statements

	Group		Parent	
	2016	2015	2016	2015
	DKK	DKK	DKK	DKK

13 Provision for deferred tax

	Group 2016 DKK	Group 2015 DKK	Parent 2016 DKK	Parent 2015 DKK
Intangible assets	-14.626	0	0	0
Property, plant and equipment	131.156	1.229.953	0	0
Trade receivables	-45.100	-22.000	0	0
Contract work in progress	869.350	850.358	0	0
Amortization	-6.540	0	0	0
Tax loss carry-forward	0	-6.400	0	0
	934.240	**2.051.911**	**0**	**0**

14 Long-term debt

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

The debt falls due for payment as specified below:

Credit institutions

	Group 2016 DKK	Group 2015 DKK	Parent 2016 DKK	Parent 2015 DKK
Between 1 and 5 years	1.063.700	1.224.166	0	0
Long-term part	1.063.700	1.224.166	0	0
Within 1 year	160.466	110.474	0	0
Other short-term debt to credit institutions	59.604	0	0	0
Short-term part	220.070	110.474	0	0
	1.283.770	**1.334.640**	**0**	**0**

Bond debt

	Group 2016 DKK	Group 2015 DKK	Parent 2016 DKK	Parent 2015 DKK
Between 1 and 5 years	4.500.000	0	4.500.000	0
Long-term part	4.500.000	0	4.500.000	0
Within 1 year	0	0	0	0
	4.500.000	**0**	**4.500.000**	**0**

Notes to the Financial Statements

	Group		Parent	
	2016	2015	2016	2015
	DKK	DKK	DKK	DKK

15 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:				
Within 1 year	506.724	140.821	0	0
Between 1 and 5 years	1.435.331	0	0	0
	1.942.055	**140.821**	**0**	**0**

Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable by the Group amounts to DKK 3,346,066. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

As security for debt to credit institutes in Pure & Better Energy Holding ApS and P&B Estate A/S, the Parent Company has pledged their shares in Pure & Better Energy Holding ApS.

The Parent Company guarantees unlimited for P&B Estate A/S and Pure & Better Energy Holding ApS' bank debt to Merkur Andelskasse.

The Parent Company guarantees unlimited for Solpark Silkeborg 5 P/S' bank debt to Merkur Andelskasse.

16 Related parties

	Basis
Controlling interest	
Augustenborg Holding ApS	Shareholder
RLK Invest ApS	Shareholder

Notes, Accounting Policies

Basis of Preparation

The Annual Report of Better Energy World A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

Consolidated and Parent Company Financial Statements for 2016 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Better Energy World A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Notes, Accounting Policies

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Revenue

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

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

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

Notes, Accounting Policies

the basis of the ratio between the expenses incurred and the total expected expenses of the service.

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

Cost of sales

Cost of sales comprise the cost consumed to achieve revenue for the enterprice.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Income from investments in subsidiaries and associates

The items "Income from investments in subsidiaries" and "Income from investments in associates" in the income statement include the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish subsidiaries. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Notes, Accounting Policies

Balance Sheet

Intangible assets

Administration agreements are measured at the lower of cost less accumulated amortisation and recoverable amount. Administration agreements are amortised over the agreement period; however not exceeding 5 years.

Property, plant and equipment

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

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

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-10	years
Leasehold improvements	5	years

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 12,900 are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured under the equity method.

The items“Investments in subsidiaries” and “Investments in associates” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition.

The total net revaluation of investments in subsidiaries and associates is transferred upon distribution of profit to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries and the associates.

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

Other fixed asset investments

Other fixed asset investments consist of deposits and debt instruments.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Contract work in progress

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

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

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

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

Current asset investments

Current asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Notes, Accounting Policies

Prepayments

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

Equity

Dividend

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

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

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

Notes, Accounting Policies

Financial Highlights

Explanation of financial ratios

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