

**DONG Energy New Bio Solutions Holding A/S**

## **Annual Report for 2015**

**Kraftværksvej 53, 7000 Fredericia**

**CVR no. 32 31 90 17**

**(3th financial year)**

The annual report was presented and adopted at the annual general meeting of the company on 15/04 2016

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Ulrik Jarlov

Chairman

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## **Statement by the Executive Board and the Board of Directors**

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of DONG Energy New Bio Solutions Holding A/S for the financial year 1 January - 31 December 2015.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position at 31 December 2015 of the Company and of the results of the Company operations for the year 1 January - 31 December 2015.

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

Skærbæk, 18 March 2016

### **Executive Board**

Anna-Lena Elisabet Jeppsson  
Director

### **Board of Directors**

Thomas Dalsgaard  
Chairman

Jacob Moesgaard  
Deputy Chairman

Anders Christian Nordstrøm

## **Independent Auditor's Report**

*To the Shareholder of DONG Energy New Bio Solutions Holding A/S*

### **Report on the Financial Statements**

We have audited the Financial Statements of DONG Energy New Bio Solutions Holding A/S for the financial year 1 January - 31 December 2015, which comprise summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the Financial Statements.

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

Our audit has not resulted in any qualification.

#### **Opinion**

In our opinion, the Financial Statements gives a true and fair view of the financial position at 31 December 2015 of the Company and of the results of the Company's operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

## **Independent Auditor's Report**

### **Statement on Management's Review**

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, it is our opinion that the information provided in the Management's Review is consistent with the Financial Statements.

Copenhagen, 18 March 2016

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
CVR-no.33 77 12 31

Rasmus Friis Jørgensen  
State Authorised Public Accountant

Claus Damhave  
State Authorised Public Accountant

## Company information

### The company

DONG Energy New Bio Solutions Holding A/S  
Kraftværksvej 53  
Skærbæk  
7000 Fredericia

Telephone: +45 99 55 11 11  
Fax: +45 99 55 00 02  
Website: [www.dongenergy.com](http://www.dongenergy.com)

CVR no.: 32 31 90 17  
Financial Period: 1 January - 31 December  
Incorporated: 24th April 2013  
Reg. office: Fredericia

### Board of Directors

Thomas Dalsgaard, Chairman  
Jacob Moesgaard, Deputy Chairman  
Anders Christian Nordstrøm

### Executive Board

Anna-Lena Elisabet Jeppsson, Director

### Auditors

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
2900 Hellerup

### Consolidated Financial Statements

The company is included in the Consolidated Financial Statement of the ultimate parent company, DONG Energy A/S, Fredericia, CVR. nr. 36213728

The Annual Report of DONG Energy A/S, Fredericia, CVR. nr. 36213728 can be downloaded at the following address:

[www.dongenergy.com](http://www.dongenergy.com)

## **Management Review**

### **Core activity**

DONG Energy New Bio Solutions Holding A/S is part of the DONG Energy Group and a subsidiary of DONG Energy Thermal Power A/S, Fredericia. Reference is made to the Annual Report of DONG Energy A/S.

The objects for which the Company is established are to conduct business within the environmental and energy sector and related activities. The objects of the company also include advising and research within the area of energy and environment.

New Bio Solutions is part of the business area Thermal Power within DONG Energy. New Bio Solutions develops new technologies to exploit biomass and waste as a replacement for fossil fuels. We have already taken the first big step in the right direction and developed unique technologies, which utilise biomass, waste and other waste products for energy production.

DONG Energy New Bio Solutions Holding A/S has 4 subsidiaries in Denmark, and one of these subsidiaries has a subsidiary in China.

### **Development in the year**

The Company's income statement for the year ended 31 December 2015 showed a loss of tDKK 81,974, and the Company's balance sheet at 31 December 2015 showed equity of tDKK 137,710.

### **The past year and follow-up on development expectations from last year**

The loss for the year is in line with expectations. The loss mainly relates to impairment of shares in subsidiaries in accordance with accounting policies.

The subsidiaries, Inbicon A/S and REnescience A/S all focus on continued development of the technologies and the concepts. The subsidiaries have incurred substantial costs during the year. The first customers have been identified, and it is management's view that the technologies are on their way to commercial breakthrough in the market.

It has been decided that the subsidiary Pyroneer A/S will put the development of the Pyroneer-technology on hold. The activities in DONG Energy New Bio Solutions (China) A/S have been temporarily suspended, until a more positive market outlook can be seen.

### **Capital resources**

During the year, the Company received a capital contribution of mDKK 74. The purpose of the capital contribution was to enable the Company to provide funds to its subsidiaries. The Company provided capital contributions to its subsidiaries of mDKK 74 during the year.

## **Management Review**

### **Uncertainty relating to recognition and measurement**

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

### **Unusual events**

The financial position at 31 December 2015 of the Company and the results of the Company operations for the financial year 2015 have not been affected by any unusual events.

### **Subsequent events**

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

### **Outlook for the coming year**

The result in New Bio Solutions Holding A/S is expected to reflect the results in the subsidiaries with a negative result in 2016, but an improvement from 2015.



## **Accounting policies**

The Annual Report of DONG Energy New Bio Solutions Holding A/S for 2015 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B .

The accounting policies applied remain unchanged from the previous year.

The Annual Report for 2015 is presented in tDKK.

In pursuance of Section 112 of the Danish Financial Statements Act §112, the Company has omitted preparing consolidated financial statements.

### **Recognition and measurement**

Income is 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 generate the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changed accounting estimates of amounts previously recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits 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 and subsequently, as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost minus any repayments of principal and plus or minus the cumulative amortisation of any difference between cost and nominal amount. This way capital losses and gains are spread over the terms of the assets and liabilities.

On recognition and measurement, account is taken of gains, losses and risks arising before the date of presentation of the annual report that evidence or do not support conditions existing at the balance sheet date.

### **Foreign currency translation**

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

## **Accounting policies**

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

## **Income statement**

### **Gross profit**

With reference to Section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Gross profit is an aggregation of revenue, changes in inventories of finished goods and work in progress as well as other operating income minus expenses for raw materials and consumables used and other external expenses.

### **Other external expenses**

Other external expenses comprise expenses for distribution, sales, advertising, administration, premises, bad debts, operating leases, etc..

### **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 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 Danish group enterprises. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes

## **Balance sheet**

### **Investments in subsidiaries, associates and joint ventures**

Investments in subsidiaries, associates and joint ventures are measured at cost. Cost is written down to net realisable value whenever the cost exceeds the net realisable value.

## **Accounting policies**

### **Impairment of non-current assets**

The carrying amounts of investments in subsidiaries are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If there are indications of impairment, an impairment test is carried out for each asset or group of assets. Impairment is made to the lower of the recoverable amount and the carrying amount.

### **Receivables**

Receivables are recognised at amortised cost, which normally corresponds to nominal value. Provisions for estimated bad debts are made.

### **Current tax and deferred tax**

Current tax payable and current tax receivable are recognised in the balance sheet as tax calculated on the taxable income for the year, adjusted for tax on previous years' taxable income and taxes paid on account.

Deferred 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 on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination against tax on future earnings or by set-off against deferred tax liabilities.

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. Where the tax base can be determined applying alternative tax rules, deferred tax is measured on the basis of the intended use of the asset or settlement of the liability, respectively.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement. For the current year, a tax rate of 22% has been applied.

### **Payables**

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

**Income Statement 1 January - 31 December 2015**

	<u>Note</u>	<u>2015</u> tDKK	<u>2014</u> tDKK
<b>Gross profit</b>		<b>-15</b>	<b>-31</b>
Financial income		0	9
Financial costs	1	<u>-82.074</u>	<u>-107.092</u>
<b>Profit before tax</b>		<b>-82.089</b>	<b>-107.114</b>
Tax on profit/loss for the year	2	<u>115</u>	<u>2</u>
<b>Net profit for the year</b>		<b><u>-81.974</u></b>	<b><u>-107.112</u></b>
Retained earnings		<u>-81.974</u>	<u>-107.112</u>
		<b><u>-81.974</u></b>	<b><u>-107.112</u></b>

**Balance Sheet at 31 December 2015**

	<u>Note</u>	<u>2015</u> tDKK	<u>2014</u> tDKK
<b>Assets</b>			
Investments in group enterprises	3	127.641	135.234
<b>Fixed asset investments</b>		<u>127.641</u>	<u>135.234</u>
<b>Total non-current assets</b>		<u>127.641</u>	<u>135.234</u>
Receivables from group enterprises		9.965	10.333
Other receivables		0	5.025
Corporation tax		118	7
<b>Receivables</b>		<u>10.083</u>	<u>15.365</u>
<b>Total current assets</b>		<u>10.083</u>	<u>15.365</u>
<b>Total current assets</b>		<u><u>137.724</u></u>	<u><u>150.599</u></u>

**Balance Sheet at 31 December 2015**

	<u>Note</u>	<u>2015</u> tDKK	<u>2014</u> tDKK
<b>Liabilities and equity</b>			
Share capital		11.500	11.000
Retained earnings		126.210	134.683
<b>Total equity</b>	4	<b><u>137.710</u></b>	<b><u>145.683</u></b>
Other payables		0	4.900
<b>Non-current debt</b>		<b><u>0</u></b>	<b><u>4.900</u></b>
Other payables		14	16
<b>Current debt</b>		<b><u>14</u></b>	<b><u>16</u></b>
<b>Total liabilities other than provisions</b>		<b><u>14</u></b>	<b><u>4.916</u></b>
<b>Total liabilities and equity</b>		<b><u><u>137.724</u></u></b>	<b><u><u>150.599</u></u></b>
Contingent liabilities	5		
Related parties and ownership	6		

## Statement of changes in equity

	Share capital	Share premium account	Retained earnings	Total
	tDKK	tDKK	tDKK	tDKK
Equity at 1 January 2015	11.000	0	134.684	145.684
Cash capital increase	500	73.500	0	74.000
Net profit for the year	0	0	-81.974	-81.974
Transfer from share premium account	0	-73.500	73.500	0
<b>Equity at 31 December 2015</b>	<b>11.500</b>	<b>0</b>	<b>126.210</b>	<b>137.710</b>

## Notes to the Annual Report

	2015 tDKK	2014 tDKK
<b>1 Financial costs</b>		
Impairment losses on financial assets	81.593	107.090
Interest paid to subsidiaries	24	0
Other financial costs	457	2
	<b>82.074</b>	<b>107.092</b>
 <b>2 Tax on profit/loss for the year</b>		
Current tax for the year	-118	-7
Deferred tax for the year	1	1
Adjustment of tax concerning previous years	3	5
Adjustment of deferred tax concerning previous years	-1	-1
	<b>-115</b>	<b>-2</b>
 <b>3 Investments in group enterprises</b>		
Cost at 1 January 2015	354.000	261.000
Additions for the year	74.000	93.000
Cost at 31 December 2015	428.000	354.000
 Value adjustments at 1 January 2015	-218.766	-111.676
Revaluations for the year, net	-81.593	-107.090
Value adjustments at 31 December 2015	-300.359	-218.766
 <b>Carrying amount at 31 December 2015</b>	<b>127.641</b>	<b>135.234</b>



## Notes to the Annual Report

Investments in group enterprises are specified as follows:

Name	Place of registered office	Votes and ownership	Equity	Net profit/loss for the year
DONG Energy New Bio Solutions China A/S	Fredericia, Danmark	100%	6.509	-2.005
Inbicon A/S	Fredericia, Danmark	100%	63.886	-35.128
REnescience A/S	Fredericia, Danmark	100%	24.066	-43.218
Pyroneer A/S	Fredericia, Danmark	100%	33.180	-1.246
			<u>127.641</u>	<u>-81.597</u>

### 4 Equity

The share capital consists of 11,500 shares of a nominal value of tDKK 1. No shares carry any special rights.

The share capital has developed as follows:

	2015 tDKK	2014 tDKK	2013 tDKK
Share capital at 1 January 2015	11.000	10.500	0
Additions for the year	500	500	10.500
Disposals for the year	0	0	0
<b>Share capital at 31 December 2015</b>	<b>11.500</b>	<b>11.000</b>	<b>10.500</b>

### 5 Contingent liabilities

Group's Danish companies are jointly and severally liable for tax on group jointly taxed income, etc., reference is made to the annual report DONG Energy A/S, the administration company in relation to joint taxation.

## Notes to the Annual Report

### 6 Related parties and ownership

#### Basis

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#### **Controlling interest**

DONG Energy A/S, Kraftværksvej 53, Fredericia

Ultimate parent company, 100% owned

#### **Ownership**

The following shareholders are recorded in the company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

DONG Energy Thermal Power A/S, Fredericia