

# DONG Energy New Bio Solutions Holding A/S

**Kraftværksvej 53  
Skærbæk**

## **Annual report for 2016**

**CVR no 32 31 90 17**

**(4th Financial year)**

Adopted at the annual general meeting on  
6 April 2017

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Ulrik Jarlov  
Chairman

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## **Statement by Management on the annual report**

The Executive and Supervisory Boards have today discussed and approved the annual report of DONG Energy New Bio Solutions Holding A/S for the financial year 1 January - 31 December 2016.

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

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2016 and of the results of the the Company's operations for the financial year 1 January - 31 December 2016.

We recommend the adoption of the annual report at the annual general meeting.

Skærbæk, 20 March 2017

### **Executive Board**

Hannes Reuter  
Director

### **Supervisory Board**

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

### **Opinion**

We have audited the financial statements of DONG Energy New Bio Solutions Holding A/S for the financial year 1 January - 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

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

### **Basis for Opinion**

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

### **Management's Responsibilities for the financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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:

## **Independent auditor's report**

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Copenhagen, 20 March 2017

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
CVR-nr. 33 77 12 31

Rasmus Friis Jørgensen  
State Authorised Public Accountant

Claus Damhave  
State Authorised Public Accountant

## **Company details**

### **The Company**

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

Tel: +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  
Reporting period: 1 January - 31 December  
Incorporated: 24. April 2013  
Domicile: Fredericia

### **Supervisory Board**

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

### **Executive Board**

Hannes Reuter, Director

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
2900 Hellerup

### **Consolidated Financial Statement**

The Company is included in the group annual report of the ultimate parent company, DONG Energy A/S, Fredericia, CVR. nr. 36 21 37 28

The Group annual report of DONG Energy A/S, Fredericia, CVR. nr. 36 21 37 28 may be obtained at the following address:

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

## **Accounting policies**

The annual report of DONG Energy New Bio Solutions Holding 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 with adoption of some provisions of class C.

The accounting policies applied are consistent with those of last year.

The annual report for 2016 is presented in TDKK

Pursuant to sections §112, of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

### **Basis of recognition and measurement**

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also 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's 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 from the company's and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report are presented and which confirm or invalidate matters existing at the balance sheet date.

## **Income statement**

### **Gross profit**

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less raw materials and consumables and other external expenses.

## **Accounting policies**

### **Other external expenses**

Other external expenses include expenses related to administration.

### **Financial income and expenses**

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses and realised and unrealised capital/exchange gains and losses on foreign currency transactions.

### **Tax on profit/loss for the year**

The company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, including changes arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to entries directly in equity.

## **Balance sheet**

### **Investments in subsidiaries and associates**

Investment in subsidiaries and associates are measured at cost. If cost exceeds the recoverable amount, a write-down is made to this lower value.

### **Impairment of fixed assets**

The carrying amount of investments in subsidiaries is reviewed for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

Where there are indications of impairment, an impairment test is performed for each individual asset or group of assets, respectively. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).



## **Accounting policies**

### **Receivables**

Receivables are measured at amortised cost, which normally corresponds to nominal value.

### **Income tax and deferred tax**

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss allowed for carry forward are measured at the value to which the asset is expected to be realised, either by elimination in tax on future income or by offsetting against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

### **Liabilities**

Liabilities include other payables, that are measured at amortised cost, which is usually equivalent to nominal value.

### **Foreign currency translation**

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign-exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

## Income statement 1 January - 31 December 2016

	<u>Note</u>	<u>2016</u> TDKK	<u>2015</u> TDKK
<b>Gross profit</b>		<b>-13</b>	<b>-15</b>
Financial costs	1	<u>-45.425</u>	<u>-82.074</u>
<b>Profit/loss before tax</b>		<b>-45.438</b>	<b>-82.089</b>
Tax on profit/loss for the year	2	<u>-96</u>	<u>115</u>
<b>Net profit/loss for the year</b>		<b><u>-45.534</u></b>	<b><u>-81.974</u></b>
Retained earnings		<u>-45.534</u>	<u>-81.974</u>
		<b><u>-45.534</u></b>	<b><u>-81.974</u></b>

## Balance sheet at 31 December 2016

	<u>Note</u>	<u>2016</u> TDKK	<u>2015</u> TDKK
<b>Assets</b>			
Investments in group enterprises	3	<u>177.246</u>	<u>127.641</u>
<b>Fixed asset investments</b>		<b><u>177.246</u></b>	<b><u>127.641</u></b>
<b>Fixed assets total</b>		<b><u>177.246</u></b>	<b><u>127.641</u></b>
Receivables from group enterprises		9.932	9.965
Corporation tax		<u>11</u>	<u>118</u>
<b>Receivables</b>		<b><u>9.943</u></b>	<b><u>10.083</u></b>
<b>Currents assets total</b>		<b><u>9.943</u></b>	<b><u>10.083</u></b>
<b>Assets total</b>		<b><u>187.189</u></b>	<b><u>137.724</u></b>

## Balance sheet at 31 December 2016

	<u>Note</u>	<u>2016</u> TDKK	<u>2015</u> TDKK
<b>Liabilities and equity</b>			
Share capital		12.000	11.500
Retained earnings		175.176	126.210
<b>Equity</b>		<b><u>187.176</u></b>	<b><u>137.710</u></b>
Other payables		13	14
<b>Short-term debt</b>		<b><u>13</u></b>	<b><u>14</u></b>
<b>Debt total</b>		<b><u>13</u></b>	<b><u>14</u></b>
<b>Liabilities and equity total</b>		<b><u><u>187.189</u></u></b>	<b><u><u>137.724</u></u></b>
Main activity	4		
Contingent liabilities	5		

## Equity

	Share capital	Share premium account	Retained earnings	Total
Equity at 1 January 2016	11.500	0	126.210	137.710
Cash capital increase	500	94.500	0	95.000
Net profit/loss for the year	0	0	-45.534	-45.534
Transfer from share premium account	0	-94.500	94.500	0
<b>Equity at 31 December 2016</b>	<b>12.000</b>	<b>0</b>	<b>175.176</b>	<b>187.176</b>

## Notes to the Annual Report

	2016 TDKK	2015 TDKK
<b>1 Financial costs</b>		
Impairment losses on financial assets	45.395	81.593
Financial expenses, group entities	28	24
Other financial costs	2	457
	<b>45.425</b>	<b>82.074</b>
	<b>45.425</b>	<b>82.074</b>
 <b>2 Tax on profit/loss for the year</b>		
Current tax for the year	-11	-118
Deferred tax for the year	1	1
Adjustment of tax concerning previous years	107	3
Adjustment of deferred tax concerning previous years	-1	-1
	<b>96</b>	<b>-115</b>
	<b>96</b>	<b>-115</b>
 <b>3 Investments in group enterprises</b>		
Cost at 1 January 2016	428.000	354.000
Additions for the year	95.000	74.000
Cost at 31 December 2016	523.000	428.000
Value adjustments at 1 January 2016	-300.359	-218.766
Revaluations for the year, net	-45.395	-81.593
Value adjustments at 31 December 2016	-345.754	-300.359
 <b>Carrying amount at 31 December 2016</b>	<b>177.246</b>	<b>127.641</b>
	<b>177.246</b>	<b>127.641</b>

## **Notes to the Annual Report**

### **4 Main 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 object 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 Bioenergy & Thermal Power within DONG Energy. New Bio Solutions develops new technologies to exploit biomass and waste as 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.

### **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.