

Pyroneer A/S

Annual Report for 2015

Kraftværksvej 53, 7000 Fredericia

CVR no. 33 96 21 85

(4th financial year)

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

Ulrik Jarlov

Chairman

Contents

	Page
Management statement and independent auditor's report	
Statement by the Executive Board and the Board of Directors	2
Independent Auditor's Report	3
Company information	
Company information	5
Financial statements	
Accounting policies	6
Income Statement 1 January - 31 December 2015	10
Balance Sheet at 31 December 2015	11
Statement of Changes in Equity	13
Notes to the financial statements	14

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 Pyroneer 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.

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

Niels Henriksen

Independent Auditor's Report

To the Shareholder of Pyroneer A/S

We have audited the Financial Statements of Pyroneer 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.

Independent Auditor's Report

Opinion

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

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

Pyroneer A/S
Kraftværksvej 53
Skærbæk
7000 Fredericia

Telephone: +45 99 55 11 11
Fax: +45 99 55 00 02
Website: www.dongenergy.com

CVR no.: 33 96 21 85
Financial Period: 1 January - 31 December
Incorporated: 7th October 2011
Reg. office: Fredericia

Board of Directors

Thomas Dalsgaard, Chairman
Jacob Moesgaard, Deputy Chairman
Niels Henriksen

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 no. 36 21 37 28

The Annual Report of DONG Energy A/S, Fredericia, CVR no. 36 21 37 28 can be downloaded at the following address:

www.dongenergy.com

Accounting policies

The Annual Report of Pyroneer 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.

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 maturity period. 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 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.

Government grants

Government grants comprise grants for eco-friendly generation and grants for and funding of research and development projects. Government grants are recognised when there is reasonable assurance that they will be received.

Accounting policies

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.

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.

Exchange adjustments of balances with foreign subsidiaries that are recognised as additions to or deductions from the separate subsidiaries' equity are recognised directly in equity. Likewise, exchange gains and losses on loans and derivative financial instruments entered into for hedging purposes by foreign subsidiaries are recognised directly in equity.

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.

Revenue

Revenue from grants is recognised in the income statement when delivery and transfer of risk to buyer have taken place before year end. Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Raw materials and consumables comprise the company's purchases of fuel in the form of biomass and transportation expenses in connection with the above. These expenses are recognised in the income as incurred

Accounting policies

Other external expenses

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

Other external expenses also include research and development costs that do not qualify for capitalisation.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

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 on net profit for the year, consisting of current tax for the year and deferred tax for the year, is recognised in the income statement to the extent that it relates to net profit for the year and directly in equity to the extent that it relates to entries directly to equity. The Company is subject to the Danish rules on compulsory joint taxation of the DONG Energy Group's Danish companies, and the ultimate Parent Company, DONG Energy A/S, has also elected international joint taxation with the Group's foreign subsidiaries. Subsidiaries are included in the joint taxation from the date they are included in the consolidation in the Consolidated Financial Statements and up to the date on which they are no longer included in the consolidation.

The ultimate Parent Company, DONG Energy A/S, is the management company for the joint taxation and consequently settles all income tax payments to the tax authorities.

In connection with the settlement of joint taxation contributions, current Danish income tax is allocated among the jointly taxed Danish companies in proportion to their taxable income. In this connection Danish subsidiaries with tax losses receive joint taxation contributions from the Parent Company equivalent to the tax base of the tax losses utilised (full allocation), while companies that utilise tax losses in other Danish companies pay joint taxation contributions to the Parent Company equivalent to the tax base of the utilised losses.

Accounting policies

Balance Sheet

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 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, 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.

Debts

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

Income Statement 1 January - 31 December 2015

	<u>Note</u>	<u>2015</u> tDKK	<u>2014</u> tDKK
Gross profit		-329	-10.919
Amortisation and impairment of intangible assets and property, plant and equipment		0	-42.367
Profit before financial income and expenses		-329	-53.286
Financial income	1	5	4
Financial costs	2	-245	-830
Profit before tax		-569	-54.112
Tax on profit/loss for the year	3	-677	14.227
Net profit for the year		-1.246	-39.885
Transfer to retained earnings		-1.246	-39.885
		-1.246	-39.885

Balance Sheet at 31 December 2015

	<u>Note</u>	<u>2015</u> tDKK	<u>2014</u> tDKK
Assets			
Trade receivables		1.555	1.555
Receivables from group enterprises		4.746	49.462
Other receivables		12.791	13.103
Income tax		19.177	22.088
Receivables		<u>38.269</u>	<u>86.208</u>
Total currents assets		<u>38.269</u>	<u>86.208</u>
Total assets		<u><u>38.269</u></u>	<u><u>86.208</u></u>

Balance Sheet at 31 December 2015

	<u>Note</u>	<u>2015</u> tDKK	<u>2014</u> tDKK
Liabilities and equity			
Share capital		2.000	2.000
Retained earnings		31.180	32.426
Total equity	4	<u>33.180</u>	<u>34.426</u>
Payables to group enterprises		0	50.000
Long-term debt		<u>0</u>	<u>50.000</u>
Trade payables		72	696
Payables to group enterprises		5.007	116
Other payables		10	970
Short-term debt		<u>5.089</u>	<u>1.782</u>
Total liabilities other than provisions		<u>5.089</u>	<u>51.782</u>
Total liabilities and equity		<u><u>38.269</u></u>	<u><u>86.208</u></u>
Contingent liabilities	5		
Related parties and ownership	6		
Main activity	7		

Statement of changes in equity

	<u>Share capital</u> tDKK	<u>Retained earnings</u> tDKK	<u>Total</u> tDKK
Equity at 1 January 2015	2.000	32.426	34.426
Net profit for the year	<u>0</u>	<u>-1.246</u>	<u>-1.246</u>
Equity at 31 December 2015	<u>2.000</u>	<u>31.180</u>	<u>33.180</u>

Notes to the Annual Report

	<u>2015</u> tDKK	<u>2014</u> tDKK
1 Financial income		
Interest received from group enterprises	<u>5</u>	<u>4</u>
	<u>5</u>	<u>4</u>
2 Financial costs		
Interest paid to group enterprises	243	827
Other financial costs	<u>2</u>	<u>3</u>
	<u>245</u>	<u>830</u>
3 Tax on profit/loss for the year		
Current tax for the year	-19.177	-22.088
Deferred tax for the year	17.828	7.931
Adjustment of tax concerning previous years	19.854	817
Adjustment of deferred tax concerning previous years	<u>-17.828</u>	<u>-887</u>
	<u>677</u>	<u>-14.227</u>

4 Equity

The share capital consists of 20,000 shares of a nominal value of DKK 100. No shares carry any special rights.

The share capital has developed as follows:

	<u>2015</u> tDKK	<u>2014</u> tDKK	<u>2013</u> tDKK	<u>2012</u> tDKK
Share capital at 1 January 2015	2.000	1.500	1.000	500
Additions for the year	0	500	500	500
Disposals for the year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Share capital at 31 December 2015	<u>2.000</u>	<u>2.000</u>	<u>1.500</u>	<u>1.000</u>

Notes to the Annual Report

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.

6 Related parties and ownership

Basis

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 New Bio Solutions Holding A/S, Fredericia

7 Main activity

Pyroneer A/S is part of the DONG Energy Group and a subsidiary of DONG Energy New Bio Solutions Holdings 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.