

DONG Energy New Bio Solutions (China) A/S

Annual Report for 2015

Kraftværksvej 53, 7000 Fredericia

CVR no. 35 25 63 69

(3th financial year)

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

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 China 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

Edmund Benny Mai
Director

Board of Directors

Thomas Dalsgaard
Chairman

Anna-Lena Elisabet Jeppsson
Deputy Chairman

Jacob Moesgaard

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the Financial Statements of DONG Energy New Bio Solutions China 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	<p>DONG Energy New Bio Solutions China A/S Kraftværksvej 53 Skærbæk 7000 Fredericia</p> <p>Telephone: +45 99 55 11 11 Fax: +45 99 55 00 02 Website: www.dongenergy.com</p> <p>CVR no.: 35 25 63 69 Financial Period: 1 January - 31 December Incorporated: 11th June 2013 Reg. office: Fredericia</p>
Board of Directors	<p>Thomas Dalsgaard, Chairman Anna-Lena Elisabet Jeppsson, Deputy Chairman Jacob Moesgaard</p>
Executive Board	<p>Edmund Benny Mai, Director</p>
Auditors	<p>PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup</p>
Consolidated Financial Statements	<p>The company is included in the Consolidated Financial Statement of the ultimate parent company, DONG Energy A/S, Fredericia, CVR. nr. 36 21 37 28.</p> <p>The Annual Report of DONG Energy A/S, Fredericia, CVR. nr. 36 21 37 28. can be downloaded at the following address:</p> <p>www.dongenergy.com</p>

Management Review

Core activity

DONG Energy New Bio Solutions China 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. The objects of the company also include advising and research within the area of energy and environment.

Development in the year

The Company's income statement for the year ended 31 December 2015 showed a loss of tDKK 2,005, and the Company's balance sheet at 31 December 2015 showed equity of tDKK 6,509.

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

The Company has established a subsidiary in China, DONG Energy New Bio Solutions Co. Ltd. The purpose of DONG Energy New Bio Solutions Co Ltd. is to support the commercial activities in China for both Inbicon A/S and REnescience A/S. The business activities in China have been temporarily suspended during 2015 due to the uncertain market outlook in China. It is expected to resume the activities as soon as a more positive market outlook can be seen.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Financial Statements 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.

Accounting policies

The annual report of DONG Energy New Bio Solutions China 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 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, 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. Net financials comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the onaccount taxation scheme.

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.

Accounting policies

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.

Balance Sheet

Investments in subsidiaries, associates and joint ventures

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

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		-2.540	-1.945
Financial income		8	1
Financial costs	1	<u>-83</u>	<u>-10</u>
Profit before tax		-2.615	-1.954
Tax on profit/loss for the year	2	<u>610</u>	<u>479</u>
Net profit for the year		<u>-2.005</u>	<u>-1.475</u>
Transfer to retained earnings		<u>-2.005</u>	<u>-1.475</u>
		<u>-2.005</u>	<u>-1.475</u>

Balance Sheet at 31 December 2015

	<u>Note</u>	<u>2015</u> tDKK	<u>2014</u> tDKK
Assets			
Investments in group enterprises	3	1.926	1.926
Fixed asset investments		1.926	1.926
Total non-current assets		1.926	1.926
Receivables from group enterprises		3.874	7.559
Deferred tax asset		0	1
Corporation tax		718	479
Receivables		4.592	8.039
Total currents assets		4.592	8.039
Total assets		6.518	9.965

Balance Sheet at 31 December 2015

	<u>Note</u>	<u>2015</u> tDKK	<u>2014</u> tDKK
Liabilities and equity			
Share capital		500	500
Retained earnings		6.009	8.014
Total equity	4	<u>6.509</u>	<u>8.514</u>
Payables to group enterprises		0	1.394
Other payables		9	57
Short-term debt		<u>9</u>	<u>1.451</u>
Total liabilities other than provisions		<u>9</u>	<u>1.451</u>
Total liabilities and equity		<u><u>6.518</u></u>	<u><u>9.965</u></u>
Contingent liabilities	5		
Related parties and ownership	6		

Statement of changes in equity

	<u>Share capital</u> tDKK	<u>Retained earnings</u> tDKK	<u>Total</u> tDKK
Equity at 1 January 2015	500	8.014	8.514
Net profit for the year	<u>0</u>	<u>-2.005</u>	<u>-2.005</u>
Equity at 31 December 2015	<u>500</u>	<u>6.009</u>	<u>6.509</u>

Notes to the Annual Report

	2015	2014
	tDKK	tDKK
1 Financial costs		
Interest paid to subsidiaries	8	0
Other financial costs	3	3
Exchange loss	72	7
	<u>83</u>	<u>10</u>
2 Tax on profit/loss for the year		
Current tax for the year	-718	-479
Deferred tax for the year	97	0
Adjustment of tax concerning previous years	107	1
Adjustment of deferred tax concerning previous years	-96	-1
	<u>-610</u>	<u>-479</u>
3 Investments in group enterprises		
Cost at 1 January 2015	1.926	0
Additions for the year	0	1.926
Cost at 31 December 2015	<u>1.926</u>	<u>1.926</u>
Value adjustments at 1 January 2015	0	0
Value adjustments at 31 December 2015	0	0
Carrying amount at 31 December 2015	<u>1.926</u>	<u>1.926</u>

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 Co Ltd	Beijing, China	100%	2.499	496

Notes to the Annual Report

4 Equity

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

There have been no changes in the share capital during the last 3 years.

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, Denmark

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