

Newscycle Denmark ApS

Visionsvej 51, 9000 Aalborg

CVR no. 35 38 46 93



Annual report 2016

Approved at the annual general meeting of shareholders on 31 May 2017

Chairman:

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Justin Cho



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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Newsycle Denmark ApS 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 give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Aalborg, 31 May 2017
Executive Board:



Justin Cho

Board of Directors:



Justin Cho
Chairman

Independent auditor's report

To the shareholders of Newscycle Denmark ApS

Opinion

We have audited the financial statements of Newscycle Denmark ApS for the financial year 1 January - 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are 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 of the Company 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 rules and 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 the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement 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 internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditor's report

- ▶ 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 conclusion is 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 note 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.

Statement on Management's review

Management is responsible for the Management's review.

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

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aalborg, 31 May 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Søren V. Nejmann
State Authorised Public Accountant



Henrik K. Andersen
State Authorised Public Accountant

Management's review

Company details

Name	Newscycle Denmark ApS
Address, Postal code, City	Visionsvej 51, 9000 Aalborg
CVR no.	35 38 46 93
Established	25 June 2013
Registered office	Aalborg
Financial year	1 January - 31 December
Telephone	+45 96 31 42 00
Telefax	+45 96 31 42 42
Board of Directors	Justin Cho, Chairman
Executive Board	Justin Cho
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Vestre Havnepromenade 1A, P.O. Box 710, 9100 Aalborg, Denmark

Management's review

Management commentary

Business review

Newscycle Denmark ApS is a holding company with the purpose of owning shares in Newscycle Solutions A/S

Financial review

The income statement for 2016 shows a loss of DKK 195,904 thousand against DKK 22,157 thousand last year, and the balance sheet at 31 December 2016 shows a negative equity of DKK 145,882 thousand. Management considers the Company's financial performance in the year unsatisfactory.

More than half of the share capital has been lost, and the Company therefore covered by the rules in the Danish companies act regarding capital loss.

The management has to provide a plan, to reestablish the equity in the Company.

The management is currently working on a contribution from the owner, made by conversion of debt to equity.

The management therefore considers the Company to be going concern and is presenting the annual report under this assumption.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Outlook

For the financial year 2017, the Company expects a positive result.

Financial statements for the period 1 January - 31 December

Income statement

Note	DKK'000	2016	2015
	Gross margin	-17	-73
	Write-down on investments	-167,654	0
4	Financial expenses	-28,233	-22,084
	Profit/loss for the year	<u>-195,904</u>	<u>-22,157</u>
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	<u>-195,904</u>	<u>-22,157</u>
		<u>-195,904</u>	<u>-22,157</u>

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2016	2015
	ASSETS		
	Fixed assets		
5	Investments		
	Investments in group entities	53,000	220,654
		53,000	220,654
	Total fixed assets	53,000	220,654
	TOTAL ASSETS	53,000	220,654
	EQUITY AND LIABILITIES		
	Equity		
6	Share capital	171	171
	Retained earnings	-146,053	49,851
	Total equity	-145,882	50,022
	Liabilities		
	Current liabilities		
	Payables to group entities	198,851	170,569
	Other payables	31	63
		198,882	170,632
	Total liabilities other than provisions	198,882	170,632
	TOTAL EQUITY AND LIABILITIES	53,000	220,654

- 1 Accounting policies
- 2 Going concern uncertainties
- 3 Special items
- 8 Contractual obligations and contingencies, etc.
- 9 Collateral

Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK'000	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2016	171	49,851	50,022
Transfer, see "Appropriation of loss"	0	-195,904	-195,904
Equity at 31 December 2016	<u>171</u>	<u>-146,053</u>	<u>-145,882</u>

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Newscycle Denmark ApS for 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

In accordance with section 110(1) of the Danish Financial Statements Act, consolidated financial statements have not been prepared.

Changes to presentation and disclosures only

Effective 1 January 2016, the Company has implemented act no. 738 of 1 June 2015 with amendments to the Danish Financial Statements Act. As the implementation of the amendment act has no impact in terms of value on the income statement or the balance sheet in the financial year, nor on the comparative figures, the financial statements have been prepared based on the same accounting policies as last year.

The amendment act has solely implied new or changed presentation and disclosure requirements, which have been incorporated in the financial statements.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate 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 most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Gross margin

The items other operating income and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to administration etc.

Financial expenses

Financial expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Tax

The parent company is covered by the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge 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 the tax losses to reduce their own taxable income.

Balance sheet

Investments in subsidiaries

Investments in subsidiaries are measured at cost, which includes the cost of acquisition calculated at fair value plus direct costs of acquisition. If there is evidence of impairment, an impairment test is conducted. Where the carrying amount exceeds the recoverable amount, a write-down is made to such lower value.

Impairment of non-current assets

Every year, investments in subsidiaries are reviewed for impairment. Where there is indication of impairment, an impairment test is made for each individual asset or group of assets, respectively, generating independent cash flows. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

2 Going concern uncertainties

During the financial year, the Company has lost more than half of the share capital. The balance sheet at 31 December 2016 shows a negative equity of DKK 145,882 thousand.

The management is currently working on a contribution from the owner, made by conversion of debt to equity.

The management therefore considers the Company to be going concern and is presenting the annual report under this assumption.

3 Special items

The year is significantly affected by an impairment loss totaling DKK 167,654 thousand.

DKK'000	2016	2015
4 Financial expenses		
Interest expenses, group entities	5,256	5,128
Other financial expenses	22,977	16,956
	<u>28,233</u>	<u>22,084</u>

5 Investments

Name	Domicile	Interest	Profit/loss DKK'000
Subsidiaries			
Newsycle Solutions A/S	Denmark	100.00 %	0

6 Share capital

The share capital consists of 171,444 shares at a nominal value of DKK 1 each. All shares rank equally.

Analysis of changes in the share capital over the past 4 years:

DKK'000	2016	2015	2014	2013
Opening balance	171	171	171	80
Capital increase	0	0	0	91
	<u>171</u>	<u>171</u>	<u>171</u>	<u>171</u>

7 Deferred tax

The Company has tax losses at a carrying amount of DKK 71 million. As it is uncertain if these tax losses can be utilised within a foreseeable future, their carrying amount has not been recognised in the financial statements.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

8 Contractual obligations and contingencies, etc.

Other contingent liabilities

As management company, the Company is jointly taxed with other Danish group entities and is jointly and severally with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends falling due for payment.

9 Collateral

The Company has placed its shares in the subsidiary Newscycle Solutions A/S as security for loans to other companies in the group.