

DANISH SUN ENERGY ApS

Hjørringvej 184

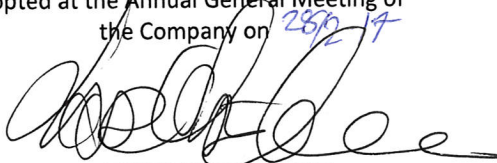
9400 Nørresundby

CVR No. 35408622

Annual Report 2015/16

3. financial year

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 28/2/17



Chairman

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Management's Statement

Today, Management has considered and adopted the Annual Report of DANISH SUN ENERGY ApS for the financial year 1 October 2015 - 30 September 2016.

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

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 30 September 2016 and of the results of the Company's operations for the financial year 1 October 2015 - 30 September 2016.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

The conditions for not conducting an audit of the Financial Statement have been met.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Aalborg, *28/12-2017*

Executive Board

Carsten Tilm
Manager

Supervisory Board

Lars Christensen
Chairman



Carsten Tilm



Lars Fogh

Auditor's Report on Compilation of Financial Statements**To the day-to-day management of DANISH SUN ENERGY ApS**

We have compiled the Financial Statements of DANISH SUN ENERGY ApS for the financial year 1 October 2015 - 30 September 2016 based on the Company's bookkeeping and other information provided by it.

The Financial Statements comprise Accounting Policies, Income Statement, Balance Sheet and Notes.

We have completed the engagement of Compiling Financial Information in accordance with The International Standards on Related Services, ISRS 4410 (Revised), Compilation Engagements.

We have applied our professional expertise to assist you in the preparation and presentation of these Financial Statements in accordance with the Danish Financial Statements Act. We have complied with relevant provisions in the Danish Act on Auditors and Audit Firms as well as Danish Auditors' (FSR) ethical rules for auditors, including principles of integrity, objectivity, professional competence and due care.

The Financial Statement and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement regarding financial information is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you have given us in order for us to compile the Financial Statements. Accordingly, we do not express an audit or review opinion on whether the Financial Statements are prepared in accordance with the Danish Financial Accounts Act.

Aalborg, 28 February 2017

ATTIRI Statsautoriseret Revisionsaktieselskab

CVR-no. 33357966



Jesper Ovesen

State Authorised Public Accountant

DANISH SUN ENERGY ApS

Company details

Company	DANISH SUN ENERGY ApS Hjørringvej 184 9400 Nørresundby
CVR No.	35408622
Date of formation	22 July 2013
Registered office	
Financial year	1 October 2015 - 30 September 2016
Supervisory Board	Lars Christensen, Chairman Carsten Tilm Lars Fogh
Executive Board	Carsten Tilm, Manager
Auditors	ATTIRI Statsautoriseret Revisionsaktieselskab Vandmanden 10A 9200 Aalborg SV CVR-no.: 33357966
Bank	Handelsbanken

Management's Review

The Company's principal activities

The core business of the Danish Sun Energy ApS (DSE) is development, sales / marketing, engineering, procurement, construction and operation of turnkey PV Solar Projects abroad.

The Company's key market is East Africa, specifically Kenya, but with secondary interests in Uganda, Tanzania and in Ghana in West Africa. DSE has signed an Agency Contract with Danish Cleantech Group Africa ApS (DCG) for sales of PV Solar Projects in Kenya and Uganda. DCG is also co-owned by DSE, together with Aalborg CSP (CSP solar cells) and EA Energy (LOGSTOR pre-insulated tubes).

In the last year DSE has diversified to some Asian markets, as the development speed can be challenging in Africa.

Development in activities and financial matters

The Annual Accounts shows that the company is investing in building its portfolio, while demonstrating that it can develop and deliver large scale PV Solar Projects.

From the start of the year DSE expected a larger activity level, but several contracts were delayed, so the Annual Results shows a result less than expected and not satisfactory compared to our growth ambitions.

The last year DSE has completed delivery of a 17.25 MWp ground based PV Solar Plant (26 hectares) to the customers satisfaction within the given budget and timeframe. The Performance of the PV Solar Plant is above the calculated performance.

Since the Financial Year completed, DSE has signed agreements to develop, deliver and operate 3 x 10 MW PV Solar Plants in Kenya with local equity investors, who have injected assets to secure development to PPA stage. DSE are co-investors in these PV Solar Plants.

DSE has also been awarded as an EPC Contractor for a 180 hectar PV Solar Plant in Kenya, which was won in an international tender and is scheduled to start Construction in Q3/17.

Very recently, DSE has signed an agreement to develop, deliver and operate a PV Solar Plant in Nepal.

This brings the total DSE project sum for PV Solar Projects to be built in 2017/18 above 60 mio USD.

Also DSE has a very substantial PV Solar Pipeline (>400 MWp) in various stages in various markets.

The company expects a 2016/17 year with growth in revenue, earnings and profits resulting from the execution of PV Solar Projects.

Risks

Business Risks

The company operates in international markets and is therefore affected by market trends, economies and policy developments in the various markets.

To reduce the Business Risks DSE constantly seeks a certain diversification of activities and ongoing development of its products and services.

Financial Risks

Due to the nature of its operations, investments and financing are not particularly exposed to changes in exchange rates and interest levels.

The company operates with a low risk profile so that currency, interest rate and credit risk should not have a significant impact on the company.

Management's Review

Knowledge resources

The competence base of DSE has been enhanced throughout the last years and today DSE has a very comprehensive team that can develop, deliver and operate multiple large scale PV Solar Projects in parallel.

Environmental issues

DSE uses significant resources to ensure that the environmental impact of our PV Solar Projects are as small as possible and that the authorities are involved in assessing and approving our solutions.

Research and development activities

There is ongoing development of its products and services in cooperation with its strategic partners.

Statement on Corporate Social Responsibility

DSE has implemented CSR obligations in all our Renewables PV Solar Projects. This relates to investment in clean water, education of the population and other welfare projects. This is normally structured as a recurrent investment to make the CSR obligation durable.

Post financial year events

After the end of the financial year, no events have occurred which may change the financial position of the Company substantially.

Accounting Policies

Reporting Class

The Annual Report of DANISH SUN ENERGY ApS for 2015/16 has been presented 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 last year.

Reporting currency

The Annual Report is presented in Danish kroner.

Translation policies

Transactions in foreign currencies are translated into DKK at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into DKK based on the exchange rates prevailing at the balance sheet day. Realised and unrealised foreign exchange gains and losses are included in the Income Statement under Financial Income and Expenses.

General Information

Basis of recognition and measurement

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the Income Statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the Income Statement.

Assets are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will accrue 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 attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured 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 less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Income Statement

Gross profit/loss

The Company has decided to aggregate certain items of the Income Statement in accordance with the provisions of Section 32 of the Danish Financial Statements Act.

Accounting Policies

Revenue

Income from the sale of goods is recognised in the Income Statement from the date of delivery and when the risk has passed to the buyer if it is possible to calculate the income reliably. The revenue is calculated exclusive of VAT, charges and discounts.

Income from delivery of services is recognised as revenue as the service is delivered.

Income from construction contracts are recognised as revenue as production is carried out whereby revenue corresponds to the selling price of the work performed for the year.

Other external expenses

Other external expenses comprise expenses regarding sale and administration.

Amortisation and impairment of tangible and intangible assets

Amortisation and impairment of intangible and tangible assets has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortised on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	3-10 years	0%

Profit or loss resulting from the sale of intangible or tangible assets is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the Income Statement under other operating income or expenses.

Financial income and expenses

Financial income and expenses are recognised in the Income Statement with the amounts that concern the financial year. Financial income and expenses include interest income and expenses, realised and unrealised capital gains and losses regarding securities, debt and foreign currency transactions, dividends received from other equity investments, amortisation of financial assets and liabilities as well as surcharges and allowances under the tax repayment scheme.

Tax on net profit/loss for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

Balance Sheet

Tangible assets

Tangible assets are measured at cost plus revaluations, if any, and less accumulated amortisation and impairment losses. Cost comprises the purchase price and costs directly attributable to the purchase until the date when the asset is available for use.

Equity investments in group enterprises and associates

Equity investments in group enterprises and associates are measured by the equity method at the proportionately owned share of the equity of the enterprises plus any consolidated goodwill, less intercompany profit and negative goodwill. Enterprises with negative equity are measured at 0 as the negative value corresponding to the proportionate share is offset against receivables, if any. Amounts beyond this are recognised in the provisions item, if there is a legal or actual obligation to cover the negative balance.

Accounting Policies

Other investments

Other securities and equity investments are measured at the market value at the balance sheet date if they are listed, or at an estimated fair value if they are not.

Supply of services in progress

Supply of services in progress is measured at the selling price of the work performed. The stage of completion is determined on the basis of direct and indirect costs incurred in relation to expected total costs.

The value of the individual supplies in progress less invoicing on account is classified as receivables if the amounts are positive and as payables if the amounts are negative.

Deduction for loss is determined as the total expected contract loss, irrespective of the share actually performed.

Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Accrued income, assets

Accrued income recognised in assets comprises prepaid costs regarding subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

Equity

Proposed dividend for the year is recognised as a separate item in equity.

Financial liabilities

Fixed-rate loans such as mortgage loans and loans from credit institutions are recognised initially at the proceeds received less transaction expenses incurred. In subsequent periods, loans are measured at amortised cost so that the difference between the proceeds and the nominal value is recognised in the Income Statement as an interest expense over the term of the loan.

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

Income Statement

	Note	2015/16 kr.	2014/15 kr.
Gross profit		2.490.634	1.904.341
Employee benefits expense	1	-2.132.327	-1.496.745
Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets recognised in profit or loss		-12.867	-51.470
Profit from ordinary operating activities		345.440	356.126
Finance income		0	0
Finance expenses	2	-134.238	-133
Profit from ordinary activities before tax		211.202	355.993
Tax expense on ordinary activities		-54.414	3.410
Profit		156.788	359.403
Retained earnings		156.788	359.403
		156.788	359.403

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Balance Sheet as of 30. September

	Note	2016 kr.	2015 kr.
Assets			
Plant and machinery		0	12.867
Property, plant and equipment		0	12.867
Long-term investments in group enterprises	3	6.800	0
Other long-term investments		10.000	5.000
Investments		16.800	5.000
Fixed assets		16.800	17.867
Short-term trade receivables		38.018	0
Contract work in progress	4	5.232.348	2.250.000
Short-term tax receivables		0	692.705
Other short-term receivables		746.979	7.358
Receivables		6.017.345	2.950.063
Cash and cash equivalents		4.019.883	101.561
Current assets		10.037.228	3.051.624
Assets		10.054.028	3.069.491

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Balance Sheet as of 30. September

	Note	2016 kr.	2015 kr.
Liabilities and equity			
Contributed capital	5	285.714	285.714
Retained earnings	6	491.922	335.134
Equity		777.636	620.848
Provisions for deferred tax		117.937	68.523
Provisions		117.937	68.523
Payables to group enterprises		4.829.832	0
Long-term liabilities other than provisions	7	4.829.832	0
Short-term part of long-term liabilities other than provisions		2.375.653	0
Trade payables		532.094	11.219
Other payables		41.894	152.350
Payables to shareholders and management		1.378.982	2.216.551
Short-term liabilities other than provisions		4.328.623	2.380.120
Liabilities other than provisions within the business		9.158.455	2.380.120
Liabilities and equity		10.054.028	3.069.491
Contingent liabilities	8		
Collaterals and assets pledges as security	9		

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Notes

	2015/16	2014/15
1. Employee benefits expense		
Wages/salaries and consultancy fees	2.092.587	1.487.256
Social security contributions	90	2.521
Other employee expense	39.650	6.968
	2.132.327	1.496.745
2. Finance expenses		
Finance expenses arising from group enterprises	120.143	0
Other finance expenses	14.095	133
	134.238	133

3. Disclosure in long-term investments in group enterprises and associates

Group enterprises

Name	Registered office	Share held in %
Danish Sun Energy Kenya Ltd	Kenya	99,90

The first annual report for the group enterprise has not yet been completed. The group enterprise is measured to the original cost.

4. Contract work in progress

Sales value of work	5.232.348	2.250.000
Net value of contract work	5.232.348	2.250.000

5. Contributed capital

Balance at the beginning of the year	285.714	305.714
Disposals during the year	0	-20.000
Balance at the end of the year	285.714	285.714

	2016	2015	2014
Balance, beginning of the year	285.714	305.714	200.000
Correction, beginning of the year			0
Additions during the year			105.714
Disposals during the year	0	-20.000	0
Other adjustments			0
Balance, end of the year	285.714	285.714	305.714

Notes

2015/16

2014/15

6. Retained earnings

Balance at the beginning of the year

335.134

-24.269

Additions during the year

156.788

359.403

Balance at the end of the year

491.922

335.134

7. Long-term liabilities

	Due after 1 year	Due within 1 year	Due after 5 years
Payables to group enterprises	4.829.832	2.375.653	0
	<u>4.829.832</u>	<u>2.375.653</u>	<u>0</u>

8. Contingent liabilities

No contingent liabilities exist at the balance sheet date.

9. Collaterals and securities

No securities or mortgages exist at the balance sheet date.