

**STEEPER ENERGY SCANDINAVIA ApS**

**CVR-NO. 35 63 48 43**

**ANNUAL REPORT**

**1 JANUARY – 31 DECEMBER 2015**

The Annual Report was presented and adopted at  
the Annual General Meeting of the Company on

/ 2016

**Chairman**

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## **Management's Statement**

The Executive Board has today considered and adopted the Annual Report of Steeper Energy Scandinavia ApS 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 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.

Rudersdal, 30 May 2016

### **Executive Board**

Perry Edwards Toms

Chief Executive Officer

## **Independent Auditor's Report on the Financial Statements**

To the Shareholder of Steeper Energy Scandinavia ApS

### **Report on the Financial Statements**

We have audited the Financial Statements of Steeper Energy Scandinavia ApS for the financial year 1 January – 31 December 2015, which comprise income statement, balance sheet, notes and summary of significant accounting policies. 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 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 audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgement, 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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.

## **Independent Auditor's Report on the Financial Statements**

Our audit has not resulted in any qualification.

### **Opinion**

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2015 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.

### **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, in our opinion, the information provided in Management's Review is in accordance with the Financial Statements.

Aalborg, 30 May 2016

**Beierholm**

**Statsautoriseret Revisionspartnerselskab**

Peter Thor Kellmer

State Authorised Public Accountant

## Company Information

### **The Company**

Steeper Energy Scandinavia ApS  
Sandbjergvej 11  
2970 Hørsholm

CVR No. 35 63 48 43

Financial period: 1 January – 31 December

Municipality of reg. office: Rudersdal

### **Executive Board**

Perry Edwards Toms

### **Auditors**

Beierholm  
Statsautoriseret Revisionspartnerselskab

## **Review**

### **Main activity**

The purpose of the Company is to directly, or through holdings of shares in other companies, conduct technology based business and other activities deemed by the Board to be associated with such business.

### **Development in the year**

This income statement of the Company for 2015 shows a profit of DKK 13.508, and at 31 December 2015 the balance sheet of the Company shows negative equity of DKK 502.166.

### **Subsequent events**

No other events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## Accounting Policies

### Basis of Preparation

The Annual Report of Steeper Energy Scandinavia ApS for 2015 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Annual Report for 2015 is presented in DKK.

### Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are 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 achieve the earnings for the year are recognised in the income statement, including depreciation, amortization, 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 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. Subsequently, assets and liabilities are measured as described for each item below.

Danish kroner are used as the measurement currency. All other currencies are regarded as foreign currencies.

### Translation policies

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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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



## Accounting Policies

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.

#### Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when delivery and transfer of risk has been made 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.

Expenses for raw materials and consumables also include research and development costs that do not qualify for capitalization.

#### Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

#### 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 for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

## Accounting Policies

### Balance Sheet

#### Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realizable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

#### Deferred tax assets and liabilities

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 realized, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

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. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

#### Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on account taxation scheme are recognised in the income statement in financial income and expense.

#### Financial debts

Fixed-interest loans are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

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

## Income Statement 1 January - 31 December

	Note	<u>2015</u>	<u>2014</u>
		DKK	DKK
<b>Gross profit</b>		<b>-14.125</b>	<b>-471.209</b>
<b>Profit/loss before financial income and expenses</b>		<b>-14.125</b>	<b>-471.209</b>
Financial income		39.878	0
Financial expenses	1	-12.245	-94.465
<b>Profit/loss before tax</b>		<b>13.508</b>	<b>-565.674</b>
Tax on profit/loss for the year		0	0
<b>Net profit/loss for the year</b>		<b>13.508</b>	<b>-565.674</b>

## Distribution of profit

### Proposed distribution of profit

Retained earnings		13.508	-565.674
		<b>13.508</b>	<b>-565.674</b>

## Balance Sheet 31 December

### Assets

	Note	<u>2015</u>	<u>2014</u>
		DKK	DKK
Other receivables		1.532	1.210
<b>Receivables</b>		<u>1.532</u>	<u>1.210</u>
<b>Cash at bank and in hand</b>		<u>76.129</u>	<u>91.576</u>
<b>Current assets</b>		<u>77.661</u>	<u>92.786</u>
<b>Assets</b>		<u>77.661</u>	<u>92.786</u>

## Balance Sheet 31 December

### Liabilities and equity

	Note	<u>2015</u> DKK	<u>2014</u> DKK
Share capital	2	50.000	50.000
Retained earnings		-552.166	-565.674
<b>Equity</b>		<u><b>-502.166</b></u>	<u><b>-515.674</b></u>
Trade payables		5.000	5.000
Payables to group enterprises		574.827	603.460
<b>Short-term debt</b>		<u><b>579.827</b></u>	<u><b>608.460</b></u>
<b>Debt</b>		<u><b>579.827</b></u>	<u><b>608.460</b></u>
<b>Liabilities and equity</b>		<u><b>77.661</b></u>	<u><b>92.786</b></u>
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**Equity**

	<b>Share capital</b>	<b>Retained earnings</b>	<b>Total</b>
	DKK	DKK	DKK
Paid in share capital	50.000	-565.674	-515.674
Net profit/loss for the year	0	13.508	13.508
<b>Equity at 31 December</b>	<b>50.000</b>	<b>-552.166</b>	<b>-502.166</b>

It is managements expectation that the company's equity will be reestablished through future activities.

## Notes to the Annual Report

Note	<u>2015</u>	<u>2014</u>
	DKK	DKK
<b>1 Financial expenses</b>		
Financial expenses group enterprises	11.245	51.673
Other financial expenses	1.000	1.006
Exchange loss	0	41.786
	<u>12.245</u>	<u>94.465</u>

### 2 Share capital

**The share capital consists of:**

Shares of a nominal value of DKK 1.000

50.000	50.000
<u>50.000</u>	<u>50.000</u>

No shares carry any special rights.

### 3 Contingent assets, liabilities and other financial obligations

None.

### 4 Related parties and 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:

Steeper Energy Canada Ltd.