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# ***Ekokem OW A/S***

c/o Ekokem A/S, Lindholmvej 3, DK-5800 Nyborg

## **Annual Report for 1 January - 31 December 2016**

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CVR No 70 72 75 28

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
26/04 2017

Henrik Hinders  
Chairman



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## **Management's Statement**

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Ekokem OW A/S 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 at 31 December 2016 of the Company and of the results of the Company operations for 2016.

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

Nyborg, 26 April 2017

### **Direktion**

Thomas Haislund Agergaard  
Executive Officer

### **Bestyrelse**

Jani Juhani Lösönen  
Chairman

Hilppa Riikka Sofia Rautpalo

Hanna-Leena Masala

# Independent Auditor's Report

To the Shareholders of Ekokem OW A/S

## Opinion

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.

We have audited the Financial Statements of Ekokem OW A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Statement on Management's Review

Management is responsible for Management's Review.

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

## 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 misstate-

# Independent Auditor's Report

ment, 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 these 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 scepticism 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.
- 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 conclusions are 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 disclosures, and whether the Financial Statements represent the underlying transactions and events

# Independent Auditor's Report

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.

Hellerup, 26 April 2017

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Kim Füchsel

State Authorised Public Accountant

Line Hedam

State Authorised Public Accountant

## Company Information

### **The Company**

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c/o Ekokem A/S  
Lindholmvej 3  
DK-5800 Nyborg

Telephone: + 45 75 13 86 00

Facsimile: + 45 75 13 04 87

Website: [www.ekokem.com](http://www.ekokem.com)

CVR No: 70 72 75 28

Financial period: 1 January - 31 December

Municipality of reg. office: Nyborg

### **Board of Directors**

Jani Juhani Lösönen, Chairman  
Hilppa Riikka Sofia Rautpalo  
Hanna-Leena Masala

### **Executive Board**

Thomas Haislund Agergaard

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

# **Management's Review**

## **Main activity**

The company's main business is doing business of collecting, buying and selling used oil products and treatment of waste oil, oil/water fractions and wastewater on the treatment facilities in Aarhus, Esbjerg, Grenaa and Copenhagen.

## **Development in the year**

The income statement of the Company for 2016 shows a loss of DKK'000 2,364, and at 31 December 2016 the balance sheet of the Company shows equity of DKK'000 20,106.

The main driver for this was the low oil prices and decreasing market volumes.

The management took during the year very concrete actions to optimize the future situation of the business in Ekokem OW. Among others, a downsizing in personnel and a treatment stop in Esbjerg has resulted in lower costs, as well as focus on new market has resulted in a steady raising revenue curve.

With these actions, the management's expectations for 2017 is to retrieve a positive result.

## **Uncertainty relating to recognition and measurement**

The company has a future obligations in relation to the, clean-up of the leased land at Aarhus, Esbjerg, Grenaa and Copenhagen. The present value of the obligation is based on assumptions made on size and depth of contaminated areas, unit costs to treat the contaminated soil as well as the filling and construction expenses. The valuation is upon the assumptions subject to estimates.



## Income Statement 1 January - 31 December

	Note	2016 DKK'000	2015 DKK'000
<b>Gross profit/loss</b>		<b>14.618</b>	<b>-1.978</b>
Staff expenses	1	-11.557	-17.560
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-5.135	-8.135
Other operating expenses		-18	0
<b>Profit/loss before financial income and expenses</b>		<b>-2.092</b>	<b>-27.673</b>
Financial income	3	8	281
Financial expenses	4	-455	-508
<b>Profit/loss before tax</b>		<b>-2.539</b>	<b>-27.900</b>
Tax on profit/loss for the year	5	175	6.564
<b>Net profit/loss for the year</b>		<b>-2.364</b>	<b>-21.336</b>

## Distribution of profit

### Proposed distribution of profit

Retained earnings	-2.364	-21.336
	<b>-2.364</b>	<b>-21.336</b>

# Balance Sheet 31 December

## Assets

	Note	2016 DKK'000	2015 DKK'000
Goodwill		69	954
<b>Intangible assets</b>	6	<b>69</b>	<b>954</b>
Land and buildings		14.985	15.595
Plant and machinery		10.220	13.679
<b>Property, plant and equipment</b>	7	<b>25.205</b>	<b>29.274</b>
<b>Fixed assets</b>		<b>25.274</b>	<b>30.228</b>
<b>Inventories</b>		<b>3.468</b>	<b>1.912</b>
Trade receivables		10.359	6.946
Receivables from group enterprises		6.501	16.812
Other receivables		486	3.116
Deferred tax asset		6.185	4.763
Prepayments		1.708	0
<b>Receivables</b>		<b>25.239</b>	<b>31.637</b>
<b>Cash at bank and in hand</b>		<b>5.999</b>	<b>23.513</b>
<b>Currents assets</b>		<b>34.706</b>	<b>57.062</b>
<b>Assets</b>		<b>59.980</b>	<b>87.290</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	2016 DKK'000	2015 DKK'000
Share capital		600	600
Retained earnings		19.506	21.868
<b>Equity</b>		<b>20.106</b>	<b>22.468</b>
Other provisions	8	28.840	24.804
<b>Provisions</b>		<b>28.840</b>	<b>24.804</b>
Trade payables		2.450	4.437
Payables to group enterprises		0	15.871
Corporation tax		1.247	7.075
Other payables		4.340	4.780
Deferred income		2.997	7.855
<b>Short-term debt</b>		<b>11.034</b>	<b>40.018</b>
<b>Debt</b>		<b>11.034</b>	<b>40.018</b>
<b>Liabilities and equity</b>		<b>59.980</b>	<b>87.290</b>
Contingent assets, liabilities and other financial obligations	9		
Related parties	10		

## Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK'000	DKK'000	DKK'000
Equity at 1 January	600	21.870	22.470
Net profit/loss for the year	0	-2.364	-2.364
<b>Equity at 31 December</b>	<b>600</b>	<b>19.506</b>	<b>20.106</b>

# Notes to the Financial Statements

	2016 DKK'000	2015 DKK'000
<b>1 Staff expenses</b>		
Wages and salaries	10.537	16.305
Pensions	851	1.060
Other social security expenses	169	195
	<b>11.557</b>	<b>17.560</b>
<b>Average number of employees</b>	<b>23</b>	<b>29</b>
<b>2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment</b>		
Amortisation of intangible assets	886	886
Depreciation of property, plant and equipment	4.249	7.249
	<b>5.135</b>	<b>8.135</b>
<b>3 Financial income</b>		
Interest received from group enterprises	8	274
Other financial income	0	7
	<b>8</b>	<b>281</b>
<b>4 Financial expenses</b>		
Interest paid to group enterprises	0	203
Other financial expenses	455	305
	<b>455</b>	<b>508</b>
<b>5 Tax on profit/loss for the year</b>		
Current tax for the year	-705	-151
Deferred tax for the year	-1.422	-6.685
Adjustment of tax concerning previous years	1.952	272
	<b>-175</b>	<b>-6.564</b>

# Notes to the Financial Statements

## 6 Intangible assets

	Goodwill DKK'000
Cost at 1 January	2.726
Cost at 31 December	2.726
Impairment losses and amortisation at 1 January	1.771
Amortisation for the year	886
Impairment losses and amortisation at 31 December	2.657
<b>Carrying amount at 31 December</b>	<b>69</b>

## 7 Property, plant and equipment

	Land and buildings DKK'000	Plant and machinery DKK'000	Total DKK'000
Cost at 1 January	25.060	62.610	87.670
Additions for the year	0	239	239
Disposals for the year	0	-379	-379
Cost at 31 December	25.060	62.470	87.530
Impairment losses and depreciation at 1 January	9.150	49.244	58.394
Depreciation for the year	925	3.324	4.249
Reversal of impairment and depreciation of sold assets	0	-318	-318
Impairment losses and depreciation at 31 December	10.075	52.250	62.325
<b>Carrying amount at 31 December</b>	<b>14.985</b>	<b>10.220</b>	<b>25.205</b>

# Notes to the Financial Statements

	2016 DKK'000	2015 DKK'000
<b>8 Other provisions</b>		
Other provisions	28.840	24.804
	<b>28.840</b>	<b>24.804</b>

Provisions at 31 December 2016 amount to kDKK 28,840 and constitute Management's judgement and assessment of anticipated costs for purification of contaminated land on leased site.

## 9 Contingent assets, liabilities and other financial obligations

### Charges and security

The following assets have been placed as security with mortgage credit institutes:

Land and buildings with a carrying amount of	14.985	15.595
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### Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	1.709	2.072
Between 1 and 5 years	5.213	5.236
After 5 years	281	1.583
	<b>7.203</b>	<b>8.891</b>

### Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

A provision of kDKK 650 has been made for a guarantee provided to the Danish Environmental Protection Agency and CPH Port.

# Notes to the Financial Statements

## 10 Related parties

	<b>Basis</b>
<hr/>	
<b>Controlling interest</b>	
Fortum Oyj	Espoo, Finland
Ekokem Oyj	Riihimäki, Finland
Ekokem A/S	Nyborg, Denmark



# Notes, Accounting Policies

## Basis of Preparation

The Annual Report of Ekokem OW A/S for 2016 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 accounting policies applied remain unchanged from last year.

Financial Statements for 2016 are presented in DKK'000.

## Recognition and measurement

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, 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 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.

## Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences 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 rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

# Notes, Accounting Policies

## Income Statement

### Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

### Revenue

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and 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.

### Other external expenses

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

### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the enterprise, including gains and losses on the sale of intangible assets and property, plant and equipment.

# Notes, Accounting Policies

## 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 changes in 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.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

## Balance Sheet

### Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Production buildings	25 years
Plant and machinery	3-13 years

Depreciation period and residual value are reassessed annually.

# Notes, Accounting Policies

## Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

## Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales sum.

The cost of goods for resale, raw materials and consumables equals landed cost.

## Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

## Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

## Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include future obligations to clean-up contaminated land.

## 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.

## **Notes, Accounting Policies**

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 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 expenses.

### **Financial debts**

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

### **Deferred income**

Deferred income comprises payments received in respect of income in subsequent years.

Deferred income comprises waste received, but not treated, which will not be recognised as income until recognition criteria are satisfied.