ANNUAL REPORT

2015

NEAS ENERGY

Contents

Management's review

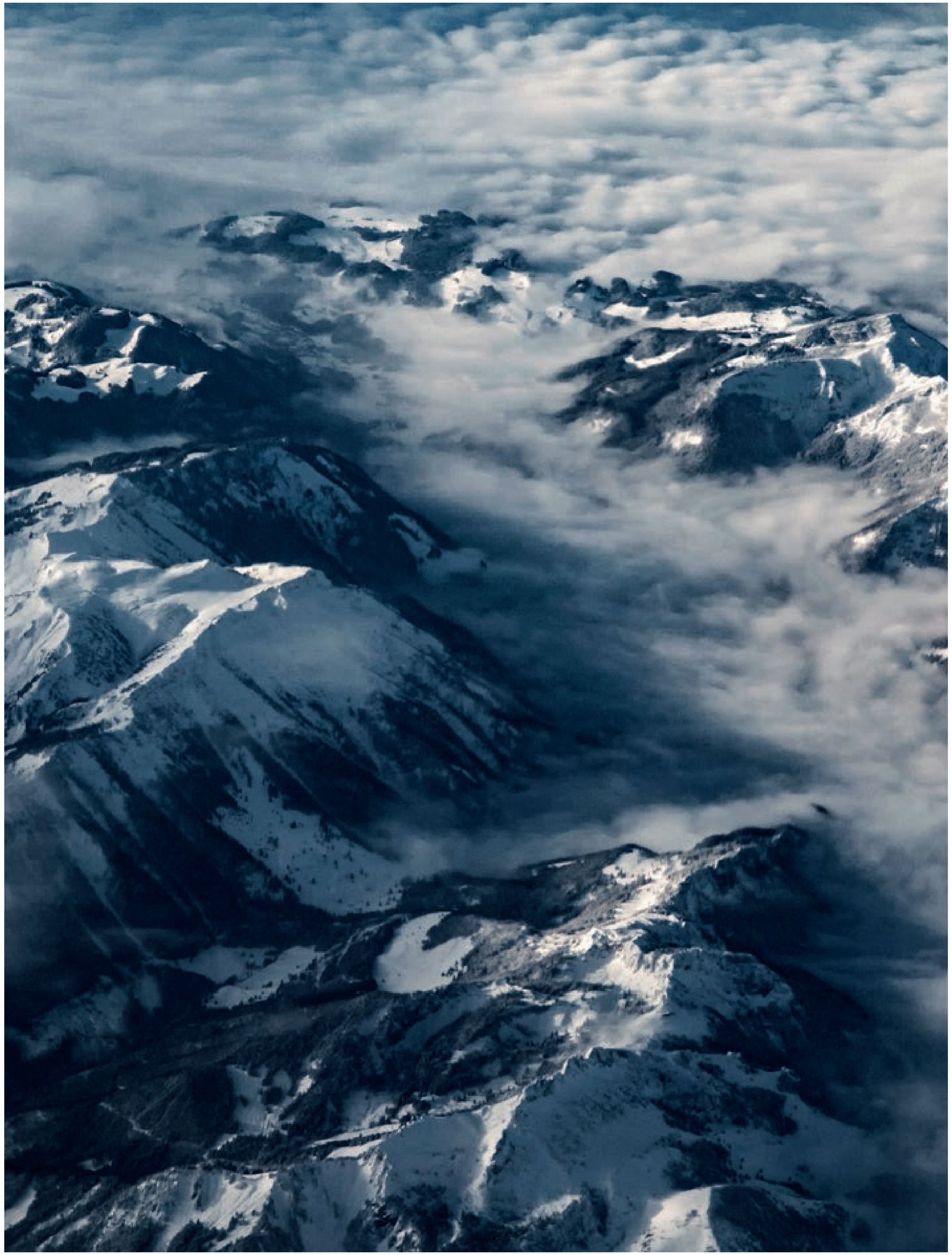
Preface and at a glance
Chairman's statement 6
At a glance 8
CEO's review 14
Consolidated Financial Highlights 25

Performance and outlook
2015 market review 28
2015 performance review 31
Outlook 2016 36

Corporate information
Risk Management 41
Compliance 45
Corporate Social Responsibility 48
Corporate Governance 50
Financial Review 55
Statement by the Management on the annual report 58
Independent auditor's report 61
Accounting policies 62

Consolidated financial statements

Income statement 69
Balance sheet 70
Statement of changes in equity 72
Cash flow statement 73
Notes 74
Notes regarding IAS 39 87



Preface and a glance

In 2015 we have lifted Neas Energy to new heights

7 - 26

Chairman's statement

Convincing results and momentum gained on all fronts in 2015

Convincing performance on target with forecasts for Neas Energy, and a notable turn of events in the European and global energy sector stand out for 2015. The overall trend for Neas Energy and its underlying markets points conclusively in the direction of a sustainable and attractive environment for the company's business model in the years to come.

2015 was my first year as Chairman of the Board at Neas Energy, yet it quickly became very clear to me that the company's business model represents capacity essential to transformation of the energy and utility sector into a sustainable and intelligent energy system – economically, environmentally and geopolitically. Throughout 2015, the company moved forward fast. Neas Energy received significant new investment in June from Danish pension fund ATP and its private equity entity Via Venture Partners. This strengthened the company's capital position considerably and made it possible to ramp up growth plans even further. On the back of this investment, the company initiated a process to specify its corporate strategy and establish mid-term targets as guidance for strategic decisions towards 2018. In essence, the strategy for 2018 is a continuation and up-scaling of the well-established business model consolidated and perfected within the previous three year period. The board supervised this process and participated in workshops on overall strategy and corporate governance within key areas such as Compliance, Risk Management and IT strategy. We approved the strategy in November and implementation is now in progress.

Energy is subject to politics more than ever. Investors often highlight that the biggest risk in sustainable energy is political. This makes sense, since energy policy impinges on trade, finance, the environment, and national security. We therefore welcomed a number of remarkable steps taken by politicians in 2015 to ensure continuity and consistency in the political framework for businesses in the energy sector. On a macro level, the UN negotiations at COP21 in Paris reached an agreement to limit the emission of greenhouse gasses and provide a global framework for nations to govern national commitments. The EU Energy and Competition Commissioners launched a review of cross-border market mechanisms and subsidy schemes within the union. Germany passed new legislation to implement a new electricity market design promoting free and transparent trading to encourage flexible capacity and offset of market risks from the regulators and systems operators to the market participants. For Neas Energy and other companies dedicated to free and efficient energy markets, these political decisions may very well pave the way for much sought-after long-term sustainability and direction in the political framework for energy markets.

I am pleased to state that 2015 was a year of progress on all fronts for Neas Energy. On behalf of my fellow members of the board, I would like to congratulate the company's employees and management for a convincing performance and a very satisfying financial result.

CHAIRMAN
Karsten Sivebæk Knudsen

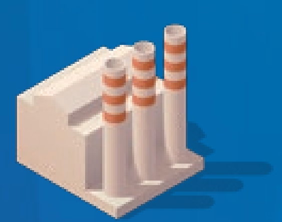
K. Knudsen

At a glance

Neas Energy is an independent energy asset management company. We provide physical and financial optimization of renewable and conventional energy assets operating on energy markets in Europe.

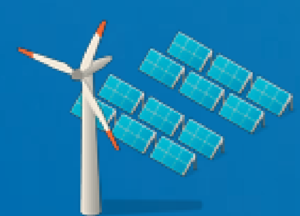
Based on more than 15 years of experience from liberal energy markets Neas Energy today has activities in all major energy markets in Europe and rank among the market leaders within balancing and trading for energy asset owners and operators in Europe.

Neas Energy's headquarters are located in Aalborg, Denmark and we have offices in London, Hamburg, Düsseldorf and Stockholm.



2,100 MW

installed capacity
Combined Heat and Power



6,546 MW

installed capacity
Renewables

1.1 TWh

Supply & large
scale consumption

Offices & Markets

POWER & GAS

POWER

NEAS ENERGY

Highlights

JANUARY

Big in Germany

Neas Energy starts 2015 with new contracts for 1,390 MW renewable generation under management in Germany to make this our biggest market.

JUNE

Investment from ATP and Via Venture Partners

A DKK 500 million investment from renowned investors strengthens Neas Energy's capital position for future growth.

JUNE

Board reshuffle

Karsten Sivebæk Knudsen, former Group Managing Director of banking and mortgage lending company Nykredit, is elected new Chairman of the board for Neas Energy.

NOVEMBER

New company strategy approved

The direction and targets for Neas Energy towards 2018 are set and company structure reorganised to support the strategy.

DECEMBER

Agreement in Paris

Neas Energy participates at the COP21 to promote carbon pricing and the UN negotiations reach an agreement to limit global GHG emissions.

Employee facts

Female employees

33%

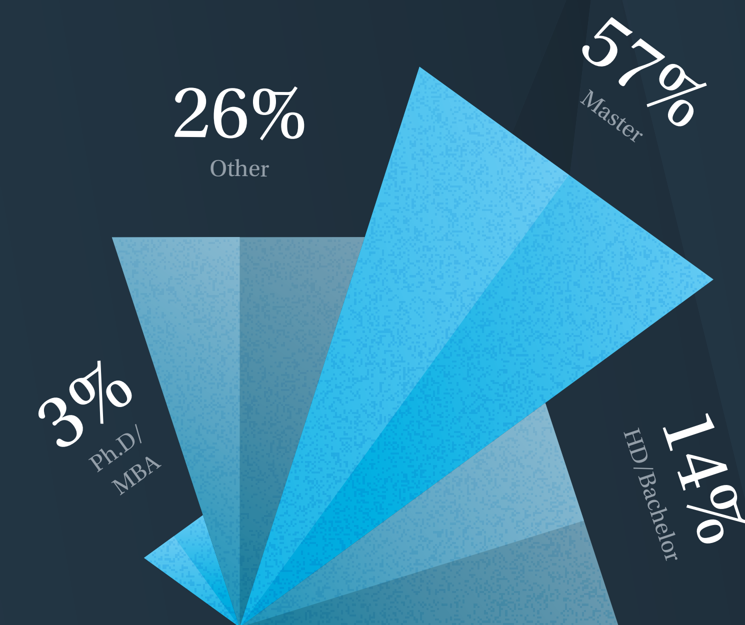
Male employees

67%

Average age

36 Years old

Level of education



Nationalities

Neas Energy has 20 different nationalities employed and an international atmosphere at the headquarters in Denmark.

CEO's review

Supreme performance lifts Neas Energy to new heights

Neas Energy's performance in 2015 surpassed forecasts and the previous record result in 2014 to lift the company to new heights. Revenues rose 82% from 2014 to pass a 20 billion landmark totaling DKK 20.4 billion. The increase in revenue derived from a growing number of customers, which resulted in installed capacity under management of more than 8,000 MW end-of-year 2015 and from continued expansion of trading activities into an additional four new European markets in 2015. The performance in 2015 also strengthened the cashflow from both operations and financial activities bringing the year-end cash position to DKK 716.1 million compared to DKK 187.6 in 2014.

An all-time best

Neas Energy achieved growth in financial performance (EBITDA) of 46% in 2015, to reach an all-time high of DKK 197.5 million. What is especially encouraging is that the increase in operating profit is directly attributable to the great traction of the company's core business activities within physical energy asset management. Throughout the year, we saw growing underlying market demand for our services as the transformation of the European energy sector continued to grow in scale and impact. Within renewable energy generation in Germany and the UK specifically, we increased portfolio size and market share.

The growing portfolio and overall increase in the level of activities subsequently spread to our asset management and trading activities. Short term power and gas trading utilised growing volumes and flexibility in reach and market accessibility to realise convincing results, despite prolonged periods of low market volatility and a general downward price trend in both power and gas markets. 2015 also saw a very strong performance from Neas Energy's Structuring Department where optimisation of customer energy flows within contract periods and optimisation of exposure across the Nordic price areas clearly surpassed forecasts for the year.

Financial Highlights

Amounts in million DKK	2015	2014	Change in %
Revenue	20,373.5	11,178.3	82 %
EBITDA *	197.5	135.4	46 %
EBIT **	158.6	117.1	35 %
Profit before tax	138.3	106.6	30 %
Profit for the year	98.8	83.8	18 %
Equity	435.0	432.6	1 %
Equity incl. subordinated loan ratio	40.4 %	30.2 %	33 %
Average number of employees	243.0	190.0	28 %

* Profit before special items, amortisation and depreciation ** Operating profit

Key figures

Amounts in million DKK

	2015 New policy	2015 Former policy	2014 New policy	2014 Former policy
Revenue	20,373.5	20,347.8	11,178.3	11,174.7
Operating Profit (EBIT)	158.6	132.9	117.1	113.5
Profit for the year	98.8	85.8	83.8	80.2
Assets, total	1.945.4	1.950.9	1.430.2	1.428.9
Equity	435.0	430.1	432.6	431.3

Strengthened capital position and new employees for future growth

Neas Energy's average number of employees grew by 25% to total 243 full time employees by the end of 2015. As was the case in 2014, we made a number of key strategic recruitments to meet pressing needs and to establish the right human resources for the company's growth plans. 2015 also brought a welcome special item in our expenses of DKK 23.6 million, representing the cost directly related to the DKK 500 million investment referred to earlier. The new investment substantially strengthens our capital position, and as is the case with recruitment, capital strength is considered essential for growing Neas Energy's business.

A warm welcome to ATP and Via Venture Partners

Danish pension fund ATP and investment firm Via Venture Partners acquired a minority stake in Neas Energy of approximately 30% in June, along with an investment in the form of a subordinated company loan totalling DKK 500 million. This not only provides Neas Energy with a significantly stronger capital position, but is also viewed as an endorsement of the company's business model and our strategy from two internationally renowned investors. We very much welcome ATP and Via Venture Partners into the company ownership, and the response from our customers and other stakeholders indicates that the investment will directly generate new business opportunities for the company.

Board reshuffle

With ATP and Via Venture Partners included into the ownership of Neas Energy, the board was subsequently reshuffled and Karsten Sivebæk Knudsen, the former Group Managing Director of Danish banking and mortgage lending company Nykredit, was elected new Chairman of the Board. With the experience from the new Chairman and two new members (Peter Thorlund Haahr, Partner in Via Venture Partners and Poul Lind, former EVP of Dong Energy), the new board comprises skills and experience to ensure reliable corporate governance, and to support the company's executive group in execution of an ambitious growth strategy. Former Chairman and majority shareholder Eigild Bødker Christensen continues as Vice Chairman.

The next generation in energy

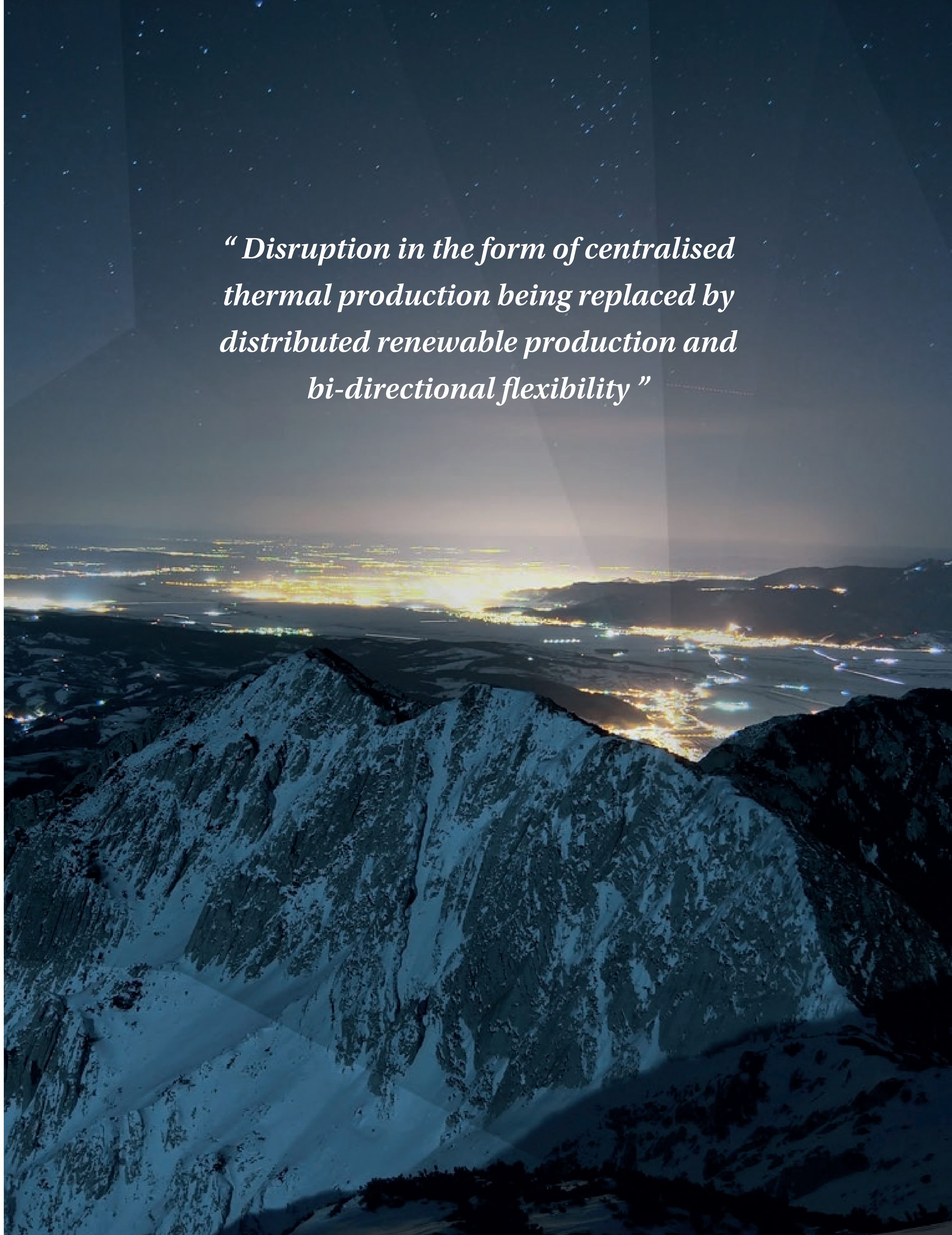
Operating at the forefront of our underlying markets is essential to Neas Energy. Between 2012 and 2015, we successfully completed revision of the company's business model in anticipation of the transition to a new generation of energy markets.

2015 may very well prove to be a pivotal year in the transformation of the combined energy and utility sector in Europe. Disruption in the form of centralised thermal production being replaced by distributed renewable production and bi-directional flexibility continued to gain momentum throughout the year. A new market design for the largest (and arguably most influential electricity market) in Germany, promoting free and transparent pricing rather than subsidised capacity was presented. It is expected to influence the regulation of energy market designs across Europe in the years to come.

Neas Energy took part in the COP 21 in Paris to promote recommendations for Pricing Carbon and support the Caring for Climate initiative with private sector peers from all over world. In the end, the official negotiations resulted in an agreement to provide a global framework for carbon emissions reduction targets for the Intended Nationally Determined Contributions. With commitments from all the major carbon emitters (countries) and the private sector across finance, energy and technology, the low-carbon trend now seems irreversible and not even the massive drop in commodity prices appears to be able to derail the low-carbon economy.

The Paris Agreement provides the basis for re-establishing a renewed Emissions Trading Scheme for the EU, with a long-term sustainable market design. The political milestones reached in 2015 evidently testify to a fundamental transformation of the energy sector around the world.

We believe that we represent the next-generation in energy markets. We have built our business model in anticipation of the low-carbon economy and perfected our services for highly complex future energy markets. To establish the targets and plans for growth in the coming years, we initiated a process to define a strategy with a mid-term horizon of 2018. The work took over four months and included employees, executives and the new board. With approval from the board, the strategy was launched at the end of 2015.



Organisation chart

Neas Energy

Utilities divest to consolidate and investors' preferences change

The fundamental transformation of the energy and utility complex, combined with over-supply of fossil fuels, caused severe financial damage to utility groups, with high exposure in conventional thermal assets reflected in falling share prices. Investors looking for opportunities in the energy and utility sector have therefore changed their preferences. The growing maturity of the renewable energy sector means that the scale of investments in renewables has grown considerably, e.g. within concessions for offshore wind and large-scale solar projects, making them attractive to institutional investors, who invested singly or in consortia in a number of remarkable projects. This segment of large scale renewables now opened was previously dominated by utility groups who owned the assets. Several utility groups also continued divestment programs to consolidate their activities, selling off assets to investors, supply companies or in some cases decommissioning them. This process continues to provide attractive new business opportunities for Neas Energy to offer our services to the buyers of assets both in the power plant and renewable segments.

Launch of 2018 strategy and organisation to match

Neas Energy's 2018 strategy is essentially an extension and up-scaling of our proven business model for physical energy asset management. It aims to ensure that Neas Energy operates at the forefront of the transformation of energy systems across Europe, featuring the opening and harmonisation of markets, investment in renewables and flexible energy infrastructure, decentralisation/distribution of generation and new market designs/mechanisms to ensure a long-term economically and environmentally sustainable energy system, with reliable safety of supply and geopolitical resilience. Our strategy for 2018 aims to utilise the effects of this transformation to the benefit of ourselves and our customers. One highlight of the strategy is continued investment in IT development.

As part of the new strategy, the executive group and sales organisation were reorganised. Two new executive departments essential to execute the strategy were created: Strategic Business Development and Business Process Implementation, managed by Chief Strategy Officer Bjørn Skovhus, and Chief Implementation Officer, Naja Lyngholm Skovlyk respectively. Anders Bauditz assumed executive responsibility for operations in sales and markets as new Chief Operations Officer and a recruitment process for a new Chief Financial Officer was initiated (Ole Ibsen was employed as CFO on 1 February 2016).

To ensure maximum transparency and meet increasing demand for cross-asset portfolio management, a new sales organisation was established in line with the new strategy. Three Vice Presidents now head up our Nordic (HQ), German and UK offices and are responsible for implementing sales strategies covering renewable generation, conventional (thermal) generation and consumption.

An essential element of the strategy is maximum transparency, effectiveness and agility. Internal workflows and processes are critical to our business model. In parallel with research and analysis for the strategy, the 'Neas Fit' project was run to develop important organisational competencies to drive value creation processes in terms of standardisation, scale, and performance. The project is viewed as a key element for successful execution of the 2018 strategy.

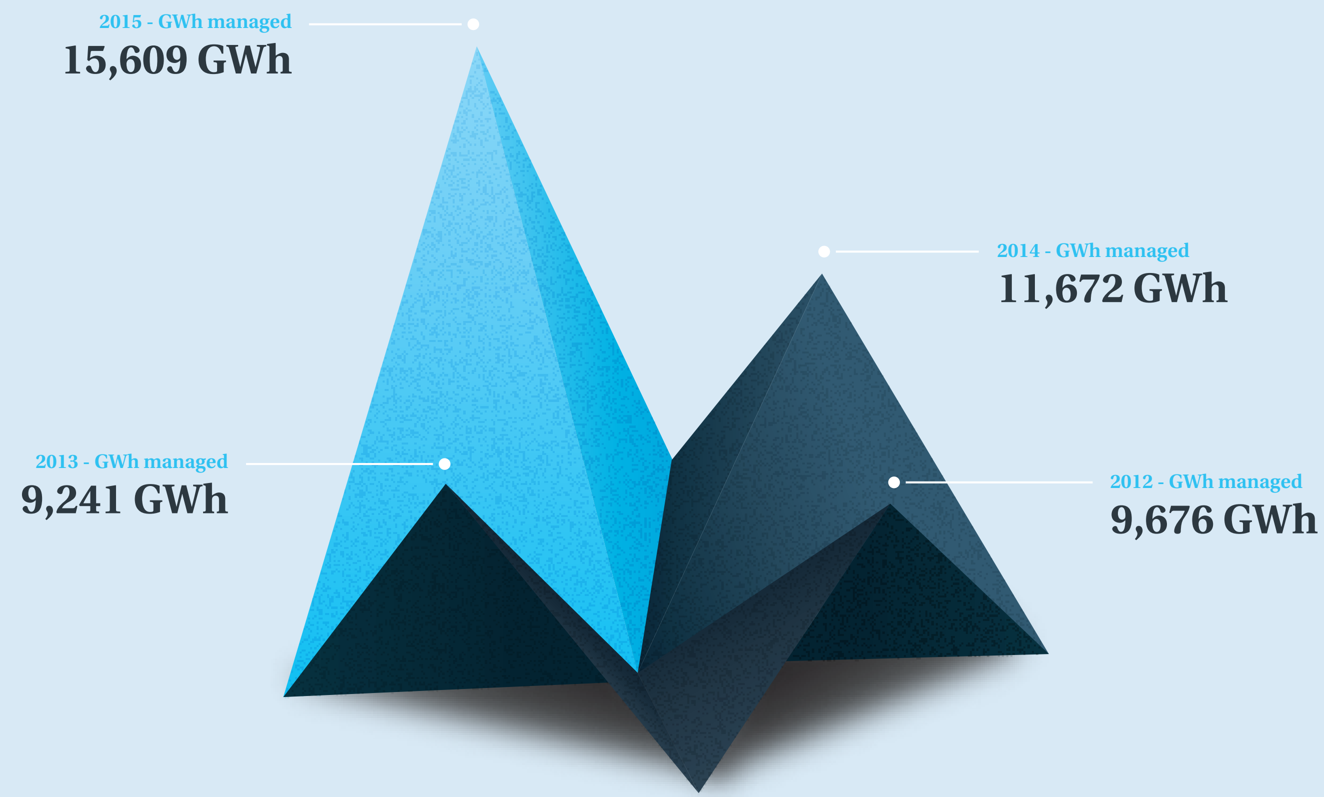
A great year and better positioned than ever

In conclusion, I am pleased to report that overall performance in 2015 was highly satisfactory. On top of the results achieved, we took a number of steps to improve our financial strength and human resources to position the company for further growth. Add to this the critical political decisions made during the year, which will hopefully bring consistency and transparency to the regulation of our markets. 2015 proved to us that Neas Energy is operating at the very forefront of the new markets, and that we represent the next generation. The generation that will come out on top of the transformation in energy, and when the new hyper-complex and intelligent markets grow and mature.

Change in accounting principle

Management has decided to early adopt certain amended to the Danish Financial Statements act. Financial instruments is now measured in accordance with IAS 39.

The new accounting principles are viewed as another and further natural step towards accounting on IFRS (International Financial Reporting Standards). A journey which was begun in 2014. In the section on Accounting Policies is an exposition of the implemented changes to Neas Energy's accounting principles. The statement of cash flows remains unchanged and the table accounts for the changes in the key financial and operational data prompted by the conversion in accounting principle.



Managed GWh assets backed
2012-2015

Consolidated financial highlights

Amounts in TDKK

Financial highlights	2015	2014	2013	2012	2011
Income statement					
Revenue	20,373,466	11,178,293	5,794,359	4,637,721	4,404,909
Index	463	254	132	105	100
Profit before special items, amortisation and depreciation	197,524	135,426	-8,883	53,222	6,327
Index	3,122	2,140	-140	841	100
Operating profit	158,552	117,065	-8,883	53,222	6,327
Index	2,506	1,850	-140	841	100
Results from net financials	-20,248	-10,469	-5,900	-9,531	-9,016
Index	225	116	65	106	100
Profit before tax	138,304	106,596	-14,783	43,691	-2,689
Index	5,243	4,064	-450	1,725	100
Profit for the year	98,764	83,808	-8,820	32,773	1,867
Index	5,289	4,488	-472	1,755	100
Balance sheet					
Assets	1,945,381	1,430,167	987,644	762,387	805,999
Index	241	177	123	95	100
Investment in property, plant & equipment	1,219	479	4,437	866	847
Index	144	57	524	102	100
Cash less bank loans	716,130	187,584	67,698	-7,966	28,300
Index	2,530	663	239	-28	100
Share capital	123,507	125,038	125,038	125,038	125,038
Index	99	100	100	100	100
Equity	434,986	432,621	339,842	348,134	315,362
Index	138	137	108	110	100
Equity and subordinated loan capital	784,986	432,621	339,842	348,134	315,362
Index	249	137	108	110	100
Current liabilities excluding bank loans	1,150,671	983,826	585,494	256,457	352,228
Index	327	279	166	73	100
Cash flow					
Net cash flow from:					
Operating activities	287,884	138,339	65,703	-1,324	-29,183
Investment activities	-17,285	-17,013	66,953	-53,140	35,065
Financing activities	257,947	-1,440	-56,992	-1,088	-3,380
Cash flow for the year	528,546	119,886	75,664	-55,552	2,502

Financial ratios	2015	2014	2013	2012	2011
Profitability					
Return on equity	22.8%	21.7%	-2.6%	9.9%	0.6%
Return on capital employed	8.2%	8.2%	-0.9%	7.0%	0.8%
Profit margin	0.8%	1.0%	-0.2%	1.1%	0.1%
Solvency ratio: Equity ratio	40.4%	30.2%	34.4%	45.7%	39.1%
Other: Average number of employees	243	190	146	131	139

Performance and outlook

A convincing performance across the board in 2015

29 - 38

2015 market review

2015 was a year of records in the electricity market. The previous low points for energy prices in the forward market were erased and new lows were tested. 2015 was also a year with record high global temperatures, breaking the record set in 2014 by the widest margin ever.
Correlation across energy commodities grew stronger in 2015 as the increase of shale gas and oil production spilled over into the coal and electricity markets and OPEC relinquished any semblance of control over oil prices, to focus on market shares instead.

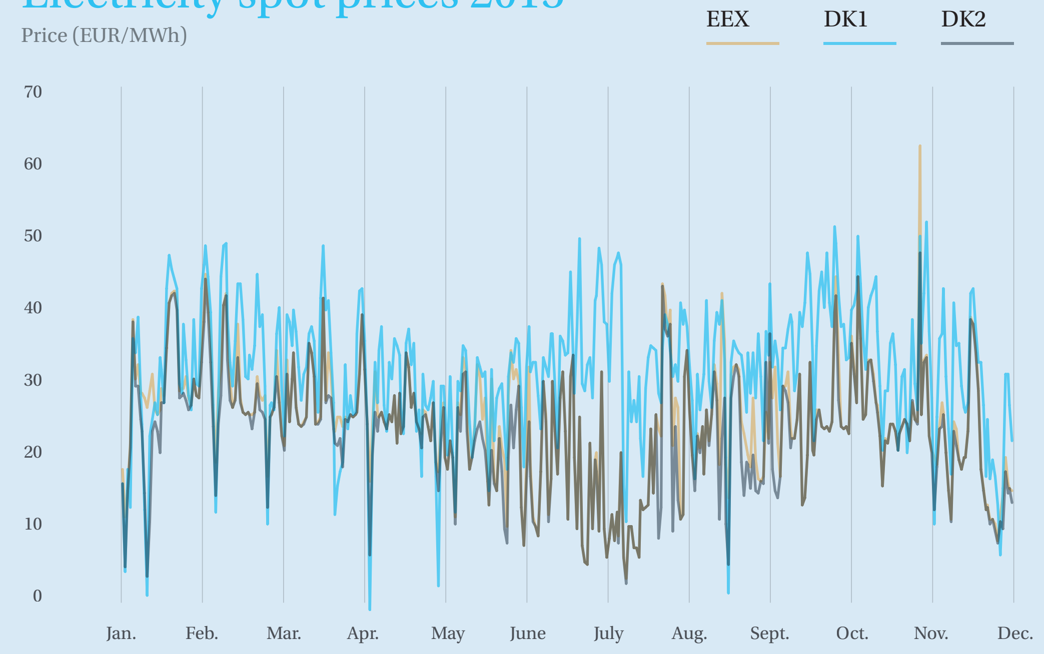
Electricity

The Nordic System Price contract for 2016 fell 35%, the corresponding German contract fell 13%, the summer 2016 contract in the UK fell 24%. The reasons behind falling electricity prices were invariably a supply glut in energy all round and specifically in coal and gas. The supply situation was compounded by the continuing expansion of renewable energy and a warm and windy year in Northern Europe. Increasing weather sensitivity in electricity markets resulted in many periods of high price volatility in Intraday markets and cross-border trading.

Gas

The UK NBP 2016 contract fell 30% in 2015, and the continental TTF 2016 contract fell 31%. The falling prices were the result of a perfect storm of falling oil prices, warm winter and the potential bullish price drivers of supply cuts from the Groningen field and Ukraine not materialising. The correlation to oil was nearly perfect due to oil-indexed contracts. Storage capacity in Europe increased significantly and contributed to a less volatile gas market. With little volatility driven by market fundamentals, short-term weather-driven volatility provided the most attractive trading for market participants with flexible capacity in day and cross-border markets.

Electricity spot prices 2015



Gas day-ahead contract price 2015

2015 performance review

Business unit performance

All Neas Energy's business units included in our core business model grew in both volume and financial performance during the year. Growing the scale and scope of our physical energy asset management services starts with sales and origination of generation and consumption. With additional resources, persistence, reliable products and services for sales and origination, we won additional market share in Germany and the UK. And structuring of our customers' flows across time and price areas for contracted periods significantly surpassed our forecasts, whilst optimisation of customer and proprietary capacity in short-term power and gas markets was in line with our ambitious forecasts.

Germany and the UK drive growth in sales & origination

Neas Energy's portfolio in Germany was increased by 1,390 MW installed capacity in early 2015. We remained highly competitive in a consolidating market for Direktvermarktung that caused many competitors to cut back on their activities or outsource portfolios. We built on our portfolio and won additional market share. A remarkably low turnover rate in our existing customer portfolio testifies to a high level of satisfaction with our services. We also saw a number of our existing customers significantly increasing their portfolios from investment in new assets throughout the year, resulting in a positive knock-on effect.

In the UK, 2015 was a breakthrough year for Neas Energy. Investment continued to flow into renewables from a broad range of investors, and perseverance in the sales and origination activities from our UK office combined with very competitive PPA pricing to result in significant growth, pushing Neas Energy close to a portfolio of 1,000 MW under management.

Our position in the Nordic Region was consolidated in 2015, as our sales and origination activities in Sweden resulted in new customers in renewables and wholesale consumption. We maintained our position as market leader on our home market in Denmark within the power plant segment, and in January 2016 we won the BRP contract for Nordjyllandsværket, a 410 MW power plant divested by Vattenfall to the City of Aalborg's supply company. We also succeeded in consolidating our market share in Denmark within the renewables segment.

Structuring outperformed all expectations

The highly specialised Structuring Department has vast experience within the optimisation of energy flows across price areas on the Nordic market and time spreads for contracted periods, and achieved record profit in 2015. From January to mid-November, the department's monthly earnings reached previously unparalleled highs thanks to skilled execution of a proven strategy for flow trading in the Nordic Region.

An unconventional and unexpected market reaction in the Finnish price area in November and December caused a minor blemish on an otherwise remarkably convincing performance for 2015.

Ramp up in Short Term Power Trading

Neas Energy's short-term power trading activities shifted gear in 2015 to gain further momentum. Short Term Power Trading is essentially the driver of our business model fuelled by the flow of energy from our customers' assets and other exposures under management. Increasing weather sensitivity keeps power markets in motion all the time. Determined recruitment of experienced resources with specialist capabilities and dedicated managerial responsibilities for Asset Management, Intraday and cross-border trading kept the engine room finely tuned in 2015 to run as effectively as possible 24/7 365.

The direct consequence of increasing sensitivity to weather-dependent generation and non-corresponding capacity for flexible consumption (or import/export) was reflected in attractive volatility on Intraday and cross-border markets for most of the year. Where market volatility was previously concentrated around Q1 and Q4 forward trading, we saw it on short-term markets across the board last year. Our Short Term Power Trading Department successfully exploited this volatility on the basis of access to reliable forecasting, market data and utilisation of a growing portfolio of flexible capacity. The performance in Short Term Power Trading was reflected in a steady upward profit/loss curve throughout the year.

Increasing size and reach in Gas Trading

Despite a predominately downward price trend on the European forward gas market, and prolonged periods of lower than usual volatility on short-term gas markets, our Gas Trading desk still realised a satisfying result on target with forecast. We opened gas trading in Austria and Italy, and increased access to cross-border and storage capacity to ramp up flexible capacity. A number of agreements for substantial storage capacity provided additional flexibility and allowed for larger exposures to exploit volatility on cross-border spreads and within-day volatility.

Taking the unusually negative price trend into account, the performance of our Gas Trading Department in 2015 was a testament to an agility and efficiency.

Additional business activities

Activities within certification and management of renewable energy certificates associated to renewable energy generation were challenged by a change in the UK's Levy Exemption Certificate (LEC) scheme. The British authorities decided to scrap the LEC system at very short notice, leaving many utility and energy asset managers with unsettled exposures. But very swift and well-coordinated effort allowed us trade out our portfolio thanks to a widespread network of counterparts and timely action from our certificate specialists and traders. On this background, it is pleasing to report that Neas Energy suffered no significant loss on the default of the UK LEC system.

Development of IT systems for energy asset management is an essential element in Neas Energy's business model. In 2015 our IT Development department ramped up.

On the downside, our capital management subsidy was reduced to minimum of activity as the Head of Trading left the company and investors subsequently withdrew the allocated risk capital. To maintain the company's authorisation from the Danish Financial Regulatory Authority, Neas Capital Management continues to operate at minimum activity. The financial impact from the significant scaling down of activities at Neas Capital Management resulted in a negative deviation from the forecast for 2015.

Outlook 2016

Forecasts for growth in 2016 assured

Our performance in 2015 generates confidence for 2016. Neas Energy is positioned better than ever to grow the scale and scope of its activities within physical energy asset management and trading. Within physical asset management, we will concentrate our efforts on increasing scale on our current markets in the Nordic Region, Germany and the UK. We also plan to start physical asset management for customers in two new countries, where we have already established well-consolidated trading experience and the commercial and regulatory conditions are reliable and attractive for physical asset management. Based on our current customer pipeline and planned sales activities for 2016, we expect the year will result in additional installed capacity of approximately 2,500 MW.

Increasing the geographical reach of our power and gas trading activities remains a key element of our strategy. We plan to set up trading in nine additional countries to continue to build up flexibility and gain critical market insight, which is a precondition for eventually providing physical asset management. Cost related to implementation of new markets, another external expense, is forecast at the same level as 2015, whereas recruitment of additional staff and an increase in sales and marketing consistent with implementation of new markets and increasing sales promoting activities is expected to result in an increase in OPEX and CAPEX for 2016.

Analysis and research on the power and gas market outlook for 2016 suggest that the downward price trends for electricity and gas will continue in 2016, as the supply/demand balance on the power and gas markets continues to strengthen from inflow of renewables and cheap gas. On the other hand, short-term volatility, in particular Day-Ahead and Intraday, is forecast to rise again in 2016 as weather sensitivity increases from a growing proportion of weather-driven generation and limited import/export capacity between markets. With substantial capacity for flexibility in our own portfolio under management and round-the-clock

trading across Europe supported by our own weather desk, we expect to utilise increasing short-term market volatility to provide our customers with added value and generate increasing profits from our physical asset management services and trading activities. For 2016 we forecast a growth in profits at a rate similar to the development from 2014 to 2015. Return on equity in 2016 is forecasted at minimum 30 %.

We believe that the outlook for 2016 provides a reliable indication of the company's forecasted performance for the year. Primary risks and uncertainties relate to political reliability, as unexpected new regulation or re-regulation of markets or subsidy schemes can fundamentally change the commercial environment. However, our strategic planning and forecasting relies on the political framework for energy and climate designed by the EU, and close monitoring of national energy and climate policy regulation on our primary markets.

Corporate information

The year brought positive breakthroughs in political and commercial environments

41 - 66

Risk Management

Neas Energy's business model is centred on optimising customer assets on energy markets. The importance of risk management is reflected in our key value proposition "Maximising Value by Managing Risks." To do so, we operate on energy markets 24/7 all year round, from long term financial markets to 15 min. re-balancing markets, to manage our customers' generation and optimise exposures. Consequently, our business model implies a high demand for risk management.

Risk ownership for sales and market functions is embedded in decision-making and daily operations. However, the assessment of risks is measured and controlled by the Risk Management Department, which is completely separate in both operation and management from sales and markets functions.

Corporate risk management is founded on the company's Risk Policy, devised and approved by the board of directors. The overall Risk Policy is regularly revised and updated according to changing conditions and implemented throughout the organisation by the relevant executives through Risk Guidelines, for which Risk Management is responsible. Risk Management must inform the board of directors directly in case of non-compliance with the Risk Policy.

Advancements in Risk Management

Primary focus in 2015 was on improving our credit risk management and implementation of the Allegro ETRM system to support our gas trading and risk management. In addition, our Risk Policy and associated Risk Guidelines have been revised to support new business areas and to improve existing business. This includes specific demands from our new board of directors.

Market risk

Managing energy assets operating on liberal market terms with significant price volatility and constantly changing exposure imposes significant requirements on the organisation. The ownership, control and assurance of risks are segregated between front, middle and back office respectively. Risk Management constantly monitors exposure across business areas using a standard Value-at-Risk (VaR) approach complemented by an internally developed model to compensate for some of the known limitations of the VaR approach. The associated risk limits are set in the Risk Policy at group level and in the Risk Guidelines for the respective business areas.

Total day-to-day risk, as defined in the Risk Policy and reported at year end 2014 and 2015 respectively, was DKK 6.1 and 8.7 million. The majority of market risk exposure reflected in these numbers is related to price spread among price areas, or as time spreads within price area as opposed to outright exposure against the general price level of power or gas.

The framework for open currency positions is based on risk assessment of the foreign currency market. Each currency is associated with a risk weight reflecting the risk related to that currency. Commercial currency exposure is accumulated in a portfolio managed by the Treasury Department and subsequently hedged in the market.

Renewable production volumes and associated volumetric risk are regularly reassessed by our meteorologists, traders and quantitative analysts. According to their conclusions, the hedge might be adjusted within the limits set in the Risk Policy.

Liquidity risk

Continuous measures were taken during 2015 to manage liquidity risk and optimise cash flow management. Neas Energy has positive cash flow and solid liquid reserves to support our business of limiting liquidity risk concerning obligations to customers and counterparts. The subordinated loan from ATP plus record cash flow from operating activities had a very positive influence on liquid reserves. Continuous focus was placed on daily liquidity monitoring and reporting to ensure optimum placement of cash relative to earnings. Furthermore, continuous focus was held on procedures for monitoring and reporting on cash flow management.

Credit risk

According to our Risk Policy, all counterparts are required to be credit-rated and an internal cap imposed defining the maximum exposure allowed. Credit rating for each counterpart creates a solid foundation by setting the basic boundaries for trading activities. During and after onboarding, the credit team monitors the customer's or counterparty's creditworthiness and decides what should be done in order to enter a contract or cooperation, including issues regarding bank guarantees, parent company guarantee, CSA etc. A new structure has been applied to the approval hierarchy from Credit Team Lead upwards to the CFO, CEO and the board of directors. Our credit risk monitoring includes a daily report on overall credit lines and exposure to trading counterparts.

Compliance

Diligence in compliance

Neas Energy established a separate Compliance Department in October 2015 to ensure dedicated responsibility and resources for corporate compliance governance, reporting and response to compliance issues. Prior to this, the compliance function resided under the company's department for Legal and Market Implementation. In response to the expanding portfolio of assets under management, a number of compliance issues already impacting our activities and expected to continue to impose regulatory changes to our business model, a separate and dedicated department was established.

A multitude of stakeholders and issues

The Compliance Department covers all issues related to REMIT, EMIR and potential future implications from MiFID II, and ongoing communication with key external compliance stakeholders, i.e. regulators, TSO's, counterparts and customers in possible REMIT/ non-compliance cases, including:

- Monitoring and implementation of regulation, reporting related to development in ACER Guidance, Q&A documents etc. and guidelines from local National Regulatory Authorities (NRAs), especially the Danish Energy Regulatory Authority (DERA) and the British office of Gas and Electricity Markets (OFGEM)
- Aligning implementation and compliance with other energy companies and recommendations from industry associations (e.g. The European Federation of Energy Traders (EFET))
- Continuous dialogue with all relevant National Regulatory Authorities

Policy, procedures and training

The Compliance Department started work on implementing two central compliance framework guidelines. Firstly, an Insider Trading Policy to provide employees with information on compliance with MAD and REMIT at policy level, and secondly, a REMIT Market abuse factsheet to provide employees with practical information on the REMIT code of conduct.

Firewalls have been established, to keep trading separate from the rest of the organisation to avoid non-disclosure leaks and potential conflicts of interest. Production Controllers are physically separated from other departments and use the designated IT infrastructure, ensuring that potential inside information is not disclosed before its publication pursuant to REMIT. Conversations in public places or in other circumstances that cause the risk of inside information be unintentionally revealed are prohibited. The Trading Departments cannot access Production Controller systems, as they are kept completely separate. Responsibility for monitoring is assigned to the Head of Compliance. Otherwise, the segregation of duties to ensure compliance is formulated in Neas Energy's Risk Management policy.

Internal training sessions on REMIT have been implemented on a quarterly basis for new employees and annually for all relevant employees, to make sure that new regulations are communicated, understood and implemented. We aim to implement a compliance setup with a balance between "hard controls" and "cultural and behavioural influence", as influential behaviour is viewed as an equally strong measure to ensure compliance. Cultural and behavioural influence on compliance is a parameter that will be given additional attention in 2016, as policies and hard controls become well-established. From January 1st 2016 incentive schemes for traders will also include an explicit clause on reductions in bonus payments in cases of misconduct on compliance policies.

Corporate Social Responsibility

Business model drives CSR

Neas Energy joined the UN Global Compact in 2009, and we once again continued to support and promote the compact's principles for social and environmentally responsible business conduct in 2015. The UNGP is the fundamental basis for our Corporate Social Responsibility policy, and each year we submit a Communication on Progress with accounts on additions and advances achieved. Please note that the latest version of our annual Communication on Progress is available on our website; http://www.neasenergy.com/about-us/csr/csr-policy

An updated COP report is published simultaneously with the publication of the annual report for 2015.

The COP present Neas Energy's CSR policy in details and reports on progress within the company's CSR activities and influence on external environment.

Our company business model is essentially directed at intelligent and sustainable utilisation of energy. Based on years of experience on markets with a high penetration of renewables and distributed generation, we have developed a range of services for energy asset optimisation in which integration of advanced IT systems and flexible management of energy capacity helps our customers retain maximum of value with minimum risk. We believe that profitable investment on free and equal terms with balanced risk is key to ensuring sustainable transformation of the energy and utility sector to low-carbon energy supply. In fact, Neas Energy can rightfully claim that its services are a necessity for viable and sustainable realisation of the political targets for transition from fossil fuels to renewables. We principally believe that our CSR effects are greatest when our CSR and business model are mutually supportive. Our CSR effort in 2015 was therefore centred on these issues:

- Development of intelligent solutions for sustainable energy markets
- Increasing the competitiveness of renewables
- Providing the foundation for investment in renewables
- Promoting the low-carbon economy

New market designs and promoting carbon pricing in Paris

During 2015, we engaged in a number of collaborations with stakeholders in the private sector, regulation and politics. We were thus able to provide input and participated in a number of workshops regarding a new electricity market design for the Danish market facilitated by the TSO Energinet.dk. The "Market Model 2.0" report was published in September to provide recommendations and inspiration for upcoming legislation on the Danish energy market with respect to interconnectivity of markets in the Nordic Region and Germany.

In December 2015, we participated in the COP 21 conference in Paris. As a member of the Caring for Climate Business Forum and Business Leadership for Carbon Pricing, we were there to promote the low-carbon economy and provided recommendations for carbon market designs, together with many of our peers from all over the world. Since the private sector represents 80% of the global economy, support from the global business community was considered key to success in Paris, where the envoys agreed on an international accord to limit greenhouse gas emissions to prevent dangerous levels of global warming, with diplomatic excellence. The new pact, known as the Paris Agreement, calls for virtually every country in the world to commit to plans for the first time to avert climate change every five years, with the objective of limiting global warming to well below 2^{o}C above pre-industrial revolution levels.

Neas Energy welcomes the Paris Agreement. We hope that it can provide the global framework needed for implementation of a sustainable and reliable carbon emissions market design, to put a higher price on carbon emissions.

Corporate Governance

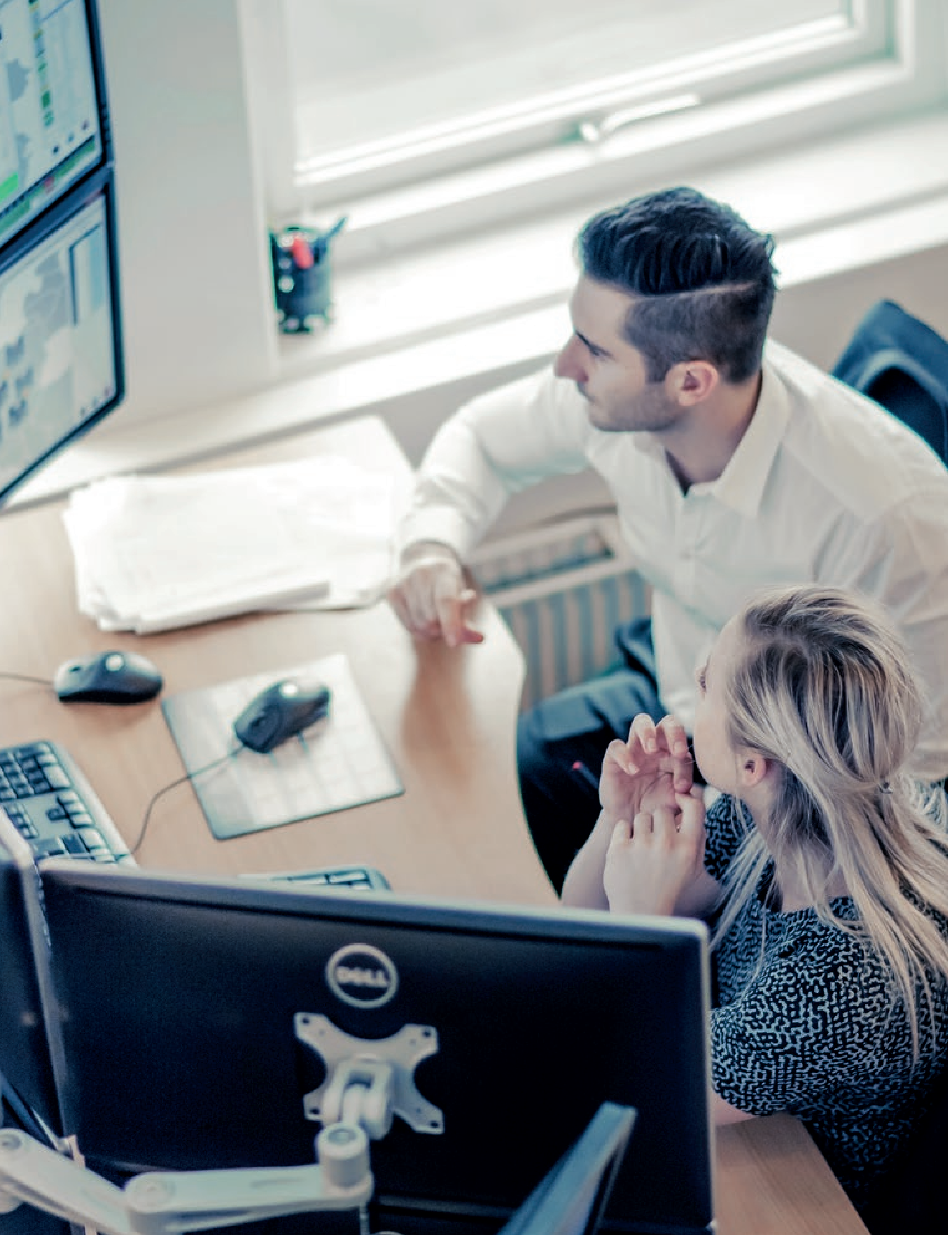
New board members with corporate governance experience

We are a responsible business enterprise, and as such pursue our interests through the exercise of fair and legal competition. We also continue to play a role in the transition of the European energy sector towards renewable, sustainable energy production and intelligent market-based solutions for managing energy assets. The investment in Neas Energy by Danish pension fund ATP and its private equity entity Via Venture Partners led to a reshuffle of the board of directors to reflect the new shareholder ownership and strengthen the board's competencies.

With the three new members elected in June 2015, the board now consists of:

Karsten Sivebæk Knudsen	Chairman, Former Group Managing Director Nykredit
Eigild Bødker Christensen	Vice Chairman
Peter Thorlund Haahr	Member, Partner, Via Venture Partners
Poul Lind	Member, Former EVP of Dong Energy.
Michael Dreisler	Member
Søren Rygaard	Employee representative
Kenneth Skou	Employee representative

Headquarters
Aalborg



Diversity & gender equality

We strongly believe in diversity amongst our employees and representatives with respect to individuality, culture, heritage and other personal attributes, which strengthens innovation and interpersonal development.

In terms of gender, Neas Energy has implemented a corporate strategy targeting female representation (the under-represented gender) of at least 40% in management functions and corporate supervisory functions – this includes:

- The board
- The executive group
- Managers (heads of departments)

Regrettably, no new female members were elected to the board in the recent reshuffle, and since one staff-elected member resigned from Neas Energy, there are no female members of the board. The executive group in 2015 comprised three males and one female - company CIO Naja Lyngholm Skovlyk. On the management level, female representation was 5 out of 16. In order to achieve a higher degree of gender equality, the following objectives have readopted in line with the company strategy for 2018:

- For the executive group and managers, female representation is to be a minimum of 40%.
- For the board, female representation among the members elected by the general assembly is to be a minimum of 40%.

To achieve these objectives, we are committed to eliminating any differences in remuneration between men and women carrying out the same or similar types of work to provide for equal opportunities and focus solely on individual capabilities and performance.

Financial review

Internal controls and risk management for the process of financial reporting

The group's risk management and internal controls for financial reporting are designed for provision of internal accounts, which allow measurement and follow-up of group performance, and publication of external accounts in accordance with the Danish Financial Statements Act for large enterprises in accounting class C, and which give an accurate picture free from material errors.

During 2015 the internal reporting has been converted from quarterly reporting to monthly reporting. This has resulted in a closer and more extensive follow up on accounts and an even more thorough and transparent view in to the financial reporting. This change in frequency of the reporting was initiated from July 2015.

The supervisory and executive boards in the group are thus created to ensure the presence of relevant competencies concerning risk management and evaluation of internal controls in relation to financial reporting. Responsibility for setting up effective internal controls and a risk management system for financial reporting rests with the executive management board.

The supervisory and executive boards regularly review the risks which affect the company, including those who affect financial reporting in particular.

Control activities have been put into place designed to detect and eliminate any error or deficiency in the data used for financial reporting. There are also mechanisms in place to ensure that the group observes relevant legislation and other regulations for financial reporting. Reporting is checked regularly, and any error or deficiency in data reported is communicated and corrected by the companies. The supervisory and executive boards are regularly informed of major changes in legislation and on other relevant compliance matters.

Additional analyses and control activities are performed during compilation of the annual report to ensure that financial reporting complies with the accounting practice in use. The supervisory board ensures that any weakness detected and reported in internal controls by the auditor elected by the annual general meeting is corrected, along with any error or deficiency, and that controls and procedures are implemented to prevent such errors and deficiencies.

Income statement

Revenues amounted to 20,373.5 mDKK and a gross profit of 425.4 mDKK equivalent to a gross profit margin of 2.1%.

Gross profit consists of a contribution margins from the buying, selling and trading of energy, portfolio management and administrative and technical services for electricity producers and other electricity and gas companies.

Net turnover increased by 82% compared to last year.

Operating profit was 158.6 mDKK compared to 117.1 mDKK last year. Profit margin is realized at 0.8% in the current year, which is equal to last year in spite of incurring cost of 23.6 mDKK for special items related to the entry of ATP and VIA Venture in the ownership structure. Operating profit less special items is 182.1 mDKK and constitutes a realized profit margin of 0.9%.

Financial items comprised a net cost of 20.2 mDKK. Financial revenues consist primarily of interest earnings from deposits and receivables, whilst financial expenses primarily consist of warranty provisions and interest payable on the subordinated loans and exchange rate adjustments related to British Pounds.

Profit before tax was therefore 138.3 mDKK. Tax on profit for the year was 39.5 mDKK, of which 44.9 mDKK was current tax for the year.

Profit for the year was thereafter 98.8 mDKK, including special items (122.4 mDKK, excluding special items). Last year, the group made a profit of 83.8 mDKK.

Profit after tax is affected by an adjustment of 6.9 mDKK booked directly in the equity

Balance sheet

Total assets as of 31 December 2015 comprised 1,945.4 mDKK, of which 57.3% are placed in working capital of 1,115.1 mDKK excluding cash, cash equivalents and debt to banks. Net working capital comprises especially of receivables from the buying and selling of energy, plus the value of open positions and holdings on the balance sheet date.

Given an equity ratio of 40.4%, equity including subordinated loans comprises 785.0 mDKK, an increase of 81.4% compared to last year.

The parent company Neas Energy A/S' share of the equity comprises a corresponding amount, as the group's members are all 100% owned and controlled companies.

Dividends of 100 mDKK have been paid during the period, which is why the base equity is unchanged compared to last year, but due to the inclusion of the subordinated loans there is a rather large increase.

There are some uncertainties related to the measurement of financial instrument classified as level III in the fair value hierarchy, cf. note 26 in the financial statement.

Cash flow statement

Cash flow for the year comprised a net capital income of 528.5 mDKK

Operations made a positive contribution of 154.5 mDKK before tax, compared to 136.2 mDKK last year. After tax, operations made a net contribution of 287.9 mDKK, which together with cash and cash equivalents at the start of the year amounted to 475.5 mDKK for disposition.

Net cash flow from investing activities was in 2015 negative and amounted to 17.3 mDKK which comprised purchase of new software and equipment, whilst the cash flow from financial activities 257.9 mDKK was used to pay out dividends and strengthen the cash position for the activities.

Statement by the Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Neas Energy A/S for the financial year 01.01.2015 – 31.12.2015.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2015 and of the results of their operations as well as the consolidated cash flows for the financial year 01.01.2015 – 31.12.2015.

In our opinion, the management's review contains a fair presentation of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Aalborg, 12. April 2016

The Executive board

Bo Lynge Rydahl

The Supervisory Board OF DIRECTORS

Karsten Sivebæk Knudsen

Eigild B. Christensen

Michael Dreisler

Peter Thorlund Haahr

Poul Lind

Søren Rygaard

Kenneth B. Skou

Chairman
The annual report was presented and approved at the company's ordinary annual general meeting held on 12. April 2016.

Anne Sveistrup Boysen

Independent auditor's reports

To the shareholders of Neas Energy A/S

Report on the consolidated financial statements and parent financial statements

We have audited the consolidated financial statements and parent financial statements of Neas Energy A/S for the financial year 01.01.2015 - 31.12.2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and parent financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements and parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent 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 consolidated financial statements and parent 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 about whether the consolidated financial statements and parent financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and parent financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the consolidated financial statements and parent financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements and parent 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 Management, as well as the overall presentation of the consolidated financial statements and parent 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 consolidated financial statements and parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2015, and of the results of their operations and cash flows for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not per-formed any further procedures in addition to the audit of the consolidated financial statements and parent finan-cial statements.

Aalborg, 12. April 2016

Deloitte - Statsautoriseret Revisionspartnerselskab
Central Business Registration No 33 96 35 56

Lars Birner Sørensen	**Peter Mølkjær**
State Authorised	State Authorised
Public Accountant	Public Accountant

Accounting policies

General

This Annual Report has been prepared in accordance with the provisions of the Danish Financial Statements Act for large class C companies. Management has decided to early adopt the following amended to the new Danish Financial Statements:

- Measurement of financial instruments in accordance with IAS 39 as adopted by the EU cf. § 37,5
- Presentation of special items in a separate line cf. § 67

The consequence of implementation IAS 39 is that physical power and gas capacities are measured at fair value through profit and loss as opposed to cost in prior years. The effect is displayed in the following table:

Recently acquired companies are recognised in the consolidated financial statements from the date of acquisition. Comparative figures are not adjusted for recently acquired companies.

The acquisition method is used when a new company is acquired, such that its identifiable assets and liabilities are measured at fair value on the date of acquisition.

The cost of the equity investment in the acquired companies is offset by the proportional share of the fair value of the subsidiaries' net assets at the time the group relationship is established.

Foreign currency

The Annual Report is presented in Danish kroner (DKK). Presentation currency equals the functional currency of the group.

Key figures Amounts in million DKK	2015 New principle	2015 Former principle	2014 New principle	2014 Former principle
Revenue	20,373.5	20,347.8	11,178.3	11,174.7
Operating Profit (EBIT)	158.6	132.9	117.1	113.5
Profit for the year	98.8	85.8	83.8	80.2
Assets, total	1.945.4	1.950.9	1.430.2	1.428.9
Equity	435.0	430.1	432.6	431.3

Other than that the accounting principles are unchanged compared to prior years.

Consolidated financial statements

The consolidated financial statements cover the parent company and its subsidiaries, in which the parent company holds more than 50% of the voting rights.

All financial statements used for consolidation are prepared in accordance with the accounting policies of the group.

The consolidated financial statements are a compilation of the audited financial statements for the parent company and subsidiaries, and income, expenses and outstanding balances internal to the group have been eliminated.

Foreign-currency transactions are converted into Danish kroner throughout the year at the rates of exchange ruling on the transaction date. Hedged transactions are recognised at the hedged or calculated exchange rate, taking into account the currency interest differential over time. Receivables and liabilities denominated in foreign currencies are translated into Danish kroner at the rates of exchange ruling on the balance sheet date. Hedged amounts are recognised at the hedged or calculated exchange rate, taking into account the currency interest differential over time. Realised and unrealised exchange gains and losses are recognised in the income statement under financial items.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities.

All expenses including depreciation, amortization and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when future financial benefits are likely to accrue to the company and the value of such assets can be reliably measured. Liabilities are recognised in the balance sheet when they are probable and can be measured reliably. Upon initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each item.

Predictable losses and risks arising before the date of presentation of the financial statements and the facts that confirm or rebut circumstances and conditions existing at the reporting date are taken into consideration upon recognition and measurement.

Income statement

Revenue

Physical production

Income from the sale of energy incl. certificates, also including trading activities connected to physical energy, is recognised in accordance with the delivery principle such that income is recognised as and when delivery takes place.

Income from the sale of services is recognised linearly as and when the services are delivered also according to the delivery principle. Profits and loss is included in the income statement as revenue.

Financial instruments

Profits/losses from financial trading activities are recognised as ascertained and open positions are adjusted to the fair value on the reporting date and the adjustment effect is thus recognised in the income statement as revenue.

Open positions on financial contracts are adjusted to fair value at the reporting date and the adjustment effect is thus recognised in the income statement as revenue.

Derivative financial instruments

Derivative financial instruments regarding sales and purchases of energy are recognised at fair value. Positive and negative adjustments in fair values of derivative financial instruments are included in receivables or liabilities, respectively. The effect of value adjustments in fair value of derivative financial instruments is recognised in the income statement as revenue.

Neas Energy enters into financial energy contracts on a regular basis for which no quoted fair value exists. The fair value of these instruments is determined using accepted valuation models and current market data.

Cost

Cost is recognised in the income statement upon delivery of the acquired service or physical item. Provisions are made for deliveries referring to the reporting period. Cost referring to future periods is accrued as prepayments.

Depreciation and amortisation

Amortisation of intangible assets and depreciation of property, plant and equipment aim to ensure linear amortisation and depreciation over the expected useful life of the asset in question. The following useful lives and residual values apply:

	Useful life	Residual value
Software	3-5 years	0%
Contractual rights	7 years	0%
Plant and equipment	5 years	0%

New acquisitions of fixtures and fittings, tools and equipment with cost not exceeding DKK 50,000 per item are recognised in the income statement in the year of acquisition.

Net financials

Net financials comprise of interest income, interest expenses and foreign currency adjustments.

Taxes

The current and deferred taxes for the year are recognised in the income statement as taxes for the year with the portion attributable to the net profit or loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The parent company is included in the joint taxation with Danish affiliated companies. The ultimate parent company of the group is the administration company for the joint taxation and therefore makes all corporation tax payments to the taxation authorities. The levied Danish corporation tax is distributed by calculating joint taxation contributions among the jointly taxed companies in proportion to their taxable incomes. Similarly, companies with a negative taxable income receive joint taxation contributions from companies able to apply this loss to reduce their own taxable profit.

Balance sheet
Intangible assets

Intangible assets are measured in the balance sheet at the lower of cost less accumulated amortisation and the recoverable amount. The recoverable amount is the value of the asset in continued use or from sale. Directly and indirectly incurred costs are included in cost.

IT-development projects are recognised at cost, including costs of, for example, wages directly or indirectly attributable to the development projects. Development projects are recognised in the balance sheet where these aim to develop a particular product or system that the company intends to produce with the intention to sell or use in own production. Other development costs are recognised in the income statement in the year they are incurred.

Capitalised development costs are amortised from the time of completion the product or system linearly over the period where they are expected to generate economic benefits. However, the amortisation period cannot exceed five years.

Plant and equipment
Plant and equipment is measured in the balance sheet at cost less the lower of accumulated depreciation and the recoverable amount. The recoverable amount is the value of the asset in continued use or from sale.

The recoverable amount of the asset is calculated as the higher of the net selling price and the capital value. The capital value is calculated as the present value of the expected net cash flows from application of the asset or asset group and expected net cash flows from sale of the asset or asset group after the end of useful life.

Investments in group enterprises or associated companies
Equity investments in group enterprises and associated companies are recognised and measured according to the 'Equity Method'. Accordingly, investments are measured at the pro rata share of the companies' equity value with addition or subtraction of unamortized positive or negative goodwill respectively and with subtraction or addition of unrealised intercompany profits and losses.

In the income statement the parent company's share of the company's profits is recognised for the year after elimination of intercompany profits and losses and with subtraction or addition of amortization of positive or negative goodwill respectively.

Group enterprises and associated companies with a negative equity value are measured at nil and any receivables from such companies are reduced by the parent company's share of the negative equity value to the extent that it is regarded irrecoverable. If the negative equity value exceeds the receivable the exceeding amount is recognised as a provision only to the extent that the parent company has a legal or de facto obligation to indemnify the liabilities of the company in question.

Inventories
Inventories are in general measured at lowest prices of either cost prices or net realization value. The value is tested given the two principles and the lower is applied in the balance sheet.

Gas inventory is measured at Spot price within-day, which is considered as the indicator of the cost price, as it is not possible to apply a "FIFO" or "LIFO"principle to calculate the actual cost price of the inventory.

Other equipment purchased in order to set up technical solutions at customers is put in stock until delivery and recognised at cost price.

Receivables
Receivables are measured at the nominal value less estimated risks of losses according to both group wise and individual assessments.

Other receivables
Other receivables consist primarily of unrealised gains from financial trading activities and of receivables from counterparties related to physical trading.

Unrealised gains from financial trading activities are recognised at fair value and receivables from physical trading is measured at nominal value.

Prepayments
Prepayments contains prepaid cost for delivery in periods after balance sheet date.

Equity
Net revaluation of equity investments in subsidiaries is recognised under equity in reserve for net revaluation according to

the equity method, to the extent the carrying amount exceeds the acquisition value.

The acquisition and sale of own equity investments and dividend from these are recognised directly in equity under retained earnings.

Current and deferred taxes
Current tax payable and receivable is recognised in the balance sheet as calculated tax on the taxable income, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised in the balance sheet as corporation tax under receivables or liabilities.

Deferred tax liabilities and deferred tax assets are calculated on the basis of all temporary differences arising between the carrying amount of assets and liabilities and their respective tax assets, and are recognised in the balance sheet at the prevailing tax rate. However, deferred tax of temporary differences regarding non-amortisable goodwill and other items is not recognised where temporary differences, except for company acquisitions, have arisen at the time of acquisition without any impact on the profit or loss or taxable income.

Deferred tax assets are recognised at their assessed expected realisable value by offsetting against deferred tax liabilities or against tax on future earnings.

Liabilities other than provisions
Liabilities other than provisions are measured at cost at the time when the liability is incurred. Liabilities other than provisions are subsequently measured at amortised cost, with capital losses and loan costs being distributed over the term of the liability on the basis of the calculated, effective rate of interest at the time at which the liability is incurred.

Trade payables
Trade payables are measured at nominal value.

Other payables
Other payables consist primarily of unrealised liabilities from financial trading activities and of payables to counterparties relating to physical trading.

Unrealised liabilities from financial trading activities are recognised at fair value and payables from physical trading are measured at nominal value.

Deferred income
Deferred income contains prepayments received for delivery after balance sheet date.

Cash flow statement
The cash flow statement is prepared according to the indirect method, showing cash flows from operating, investing and financing activities, as well as changes in cash flows for the year and cash equivalents at the beginning and end of the year. Cash flows from operating activities are calculated as the net profit or loss for the year, adjusted for non-cash operating items, corporate income tax paid and changes in working capital.

Cash flows from investing activities consist of the additions to and disposals of intangible assets, property, plant and equipment and investments, appropriately adjusted for changes in the amount of receivables and payables for such items.

Cash flows from financing activities consist of cash flows provided by, and dividend paid to shareholders, as well as the securing of and repayment of non-current liabilities other than provisions.

Cash flows at the beginning and end of the year comprise cash and short-term bank debt.

Calculation of financial ratios
Financial ratios have been calculated in accordance with the recommendations of the Danish Society of Financial Analysts:

Return on equity

$$\frac{\text{Profit for the year}}{\text{Average equity}}$$

Return on capital employed

$$\frac{\text{Operating profit}}{\text{Total assets}}$$

Profit margin

$$\frac{\text{Operating profit}}{\text{Revenue}}$$

Equity ratio

$$\frac{\text{Equity at year-end including subordinated loans}}{\text{Total assets}}$$

Consolidated financial statements

The all-time best financial performance

69 - 94

Income statement

Amounts in TDKK

Note		Group 2015	Group 2014	Parent company 2015	Parent company 2014
1	**Revenue**	**20,373,466**	**11,178,293**	**20,349,162**	**11,162,227**
	Cost of sales	-19,948,084	-10,852,531	-19,930,250	-10,847,984
	Gross profit	**425,382**	**325,762**	**418,912**	**314,243**
	Other external expenses	-61,250	-55,278	-59,513	-59,439
2	Staff costs	-166,608	-135,058	-157,034	-125,658
	Profit before special items, amortisation and depreciation	**197,524**	**135,426**	**202,365**	**129,146**
3	Other external expenses, special items	-23,555	0	-23,555	0
	Depreciation, amortisation and impairment losses	-15,417	-18,361	-13,200	-16,144
	Operating profit	**158,552**	**117,065**	**165,610**	**113,002**
4	Income from investments in group enterprises	0	0	-7,191	5,028
5	Income from investments in associates	1,174	-820	1,174	-820
6	Other financial income	1,887	4,823	1,858	4,145
7	Other financial expenses	-23,309	-14,472	-23,064	-14,344
	Profit before tax	**138,304**	**106,596**	**138,387**	**107,011**
8	Tax on profit from ordinary activities	-39,540	-22,788	-39,623	-23,203
	Profit for the year	**98,764**	**83,808**	**98,764**	**83,808**

Distribution of profit for the year

Amounts in TDKK

	Parent company 2015	Parent company 2014
Proposed distribution of profit:		
Reserves for net revaluation according to the equity method	-3,883	3,883
Extraordinary dividend	100,000	0
Retained earnings	2,647	79,925
Total	**98,764**	**83,808**

Balance sheet

Amounts in TDKK

Note	Assets	Group 2015	Group 2014	Parent company 2015	Parent company 2014
	Software	35,986	36,694	33,986	32,690
	Contractual rights	866	1,083	0	0
	Development projects in progress	3,293	0	3,293	0
9	**Intangible assets**	**40,145**	**37,777**	**37,279**	**32,690**
	Plant and equipment	4,494	4,550	4,494	4,550
10	**Plant and equipment**	**4,494**	**4,550**	**4,494**	**4,550**
	Investments in group enterprises	0	0	32,760	39,556
	Investments in associates	8,149	7,408	8,149	7,408
	Receivables from group enterprises	26,410	111,045	26,410	111,045
11	**Fixed asset investments**	**34,559**	**118,453**	**67,319**	**158,009**
	Non-current assets	**79,198**	**160,780**	**109,092**	**195,249**
	Inventories	**25,841**	**16,374**	**25,841**	**16,374**
	Trade receivables	172,402	233,122	172,295	232,946
	Receivables from group enterprises	30,682	33,590	88,535	46,570
	Receivables from associates	4,273	4,042	4,273	4,042
12	Other receivables	867,197	768,805	819,089	748,008
	Prepayments	49,658	25,870	49,380	25,768
	Receivables	**1,124,212**	**1,065,429**	**1,133,572**	**1,057,334**
	Cash	**716,130**	**187,584**	**679,770**	**159,450**
	Current assets	**1,866,183**	**1,269,387**	**1,839,183**	**1,233,158**
	Assets	**1,945,381**	**1,430,167**	**1,948,275**	**1,428,407**

Balance sheet

Amounts in TDKK

Note	Equity and liabilities	Group 2015	Group 2014	Parent company 2015	Parent company 2014
13	Share capital	123,507	125,038	123,507	125,038
	Reserves for net revaluation according to the equity method	0	0	0	3,883
	Retained earnings	311,479	307,583	311,479	303,700
	Equity	**434,986**	**432,621**	**434,986**	**432,621**
8	Provision for deferred tax	9,724	13,720	9,365	12,951
	Provisions	**9,724**	**13,720**	**9,365**	**12,951**
	Subordinated loan capital	350,000	0	350,000	0
	Other payables	0	0	0	0
14	**Non-current liabilities other than provisions**	**350,000**	**0**	**350,000**	**0**
14	Current portion of long-term liabilities other than provisions	12,372	2,553	12,372	2,553
	Debt to group enterprises	0	25,277	18,184	42,576
	Trade payables	62,524	121,900	57,123	120,726
	Income tax payable	32,431	8,572	33,474	8,481
15	Other payables	1,027,977	809,239	1,017,404	792,214
	Deferred income	15,367	16,285	15,367	16,285
	Current liabilities other than provisions	**1,150,671**	**983,826**	**1,153,924**	**982,835**
	Liabilities other than provisions	**1,500,671**	**983,826**	**1,503,924**	**982,835**
	Equity and liabilities	**1,945,381**	**1,430,167**	**1,948,275**	**1,428,407**

16 Guarantees
17 Security furnished
18 Contingent liabilities
19 Contractual obligations
20 Fees paid to auditors appointed at the annual general meeting
21 Related parties

Statement of changes in equity

Amounts in TDKK

Group	Share capital	Extraordinary dividend	Retained earnings	Total
Balance as of 01.01.2015	125,038	0	306,287	431,325
Effect of changes in accounting principles	0	0	1,296	1,296
Adjusted balance as of 01.01.2015	125,038	0	307,583	432,621
Cash capital increase	38,508	0	221,992	260,500
Cash capital decrease	-36,956	0	-213,044	-250,000
Disposal of treasury shares	-3,083	0	3,083	0
Other adjustments	0	0	-6,899	-6,899
Paid extraordinary dividend	0	-100,000	0	-100,000
Profit/loss for the year	0	100,000	-1,236	98,764
Balance as of 31.12.2015	**123,507**	**0**	**311,479**	**434,986**

Parent company	Share capital	Reserves according to the equity method	Extraordinary dividend	Retained earnings	Total
Balance as of 01.01.2015	125,038	3,883	0	302,404	431,325
Effect of changes in accounting principles	0	0	0	1,296	1,296
Adjusted balance as of 01.01.2015	125,038	3,883	0	303,700	432,621
Cash capital increase	38,508	0	0	221,992	260,500
Cash capital decrease	-36,956	0	0	-213,044	-250,000
Disposal of treasury shares	-3,083	0	0	3,083	0
Other adjustments	0	0	0	-6,899	-6,899
Paid extraordinary dividend	0	0	-100,000	0	-100,000
Profit/loss for the year	0	-3,883	100,000	2,647	98,764
Balance as of 31.12.2015	**123,507**	**0**	**0**	**311,479**	**434,986**

Cash flow statement

Amounts in TDKK

Group	2015	2014
Profit before tax	**138,304**	**106,596**
Adjustment of non-cash items	16,173	29,646
Operating profit adjusted for non-liquid items	**154,477**	**136,242**
Corporation tax paid	-16,145	-9,609
Changes in net working capital:		
Receivables	25,852	-397,819
Inventories	-9,467	11,258
Trade payables	-59,376	526
Other payables related to operations	192,543	397,741
Net cash flow from operating activities	**287,884**	**138,339**
Investment in non-current assets:		
Purchase of intangible assets	-16,534	-18,467
Sale of property, plant and equipment	20	0
Purchase of property, plant and equipment	-1,219	-479
Sale of financial assets	448	1,933
Net cash flow from investing activities	**-17,285**	**-17,013**
Sale of company shares	10,500	0
Proceeds from borrowings	350,000	0
Repayments on long-term debt	-2,553	-1,440
Dividends paid	-100,000	0
Net cash flow from financial activities	**257,947**	**-1,440**
Total net cash flow for the year	**528,546**	**119,886**
Cash at the beginning of the year	187,584	67,698
Cash at the end of the year	**716,130**	**187,584**
Cash at end of year specified as follows:		
Cash	716,130	187,584
Total	**716,130**	**187,584**

Notes

Amounts in TDKK

1. Revenue	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Power	15,626,167	8,432,888	15,601,863	8,416,822
Gas	4,747,299	2,745,405	4,747,299	2,745,405
Total	**20,373,466**	**11,178,293**	**20,349,162**	**11,162,227**
Profit from fair value instruments	**52,705**	**180,857**	**52,705**	**180,857**

The Neas Energy Group carries out almost all activities from Denmark as all handling of physical production and trading is done from the main office in Aalborg thus a split of the activity is not relevant. Furthermore, Neas Energy sees the European market as an integrated Pan-european market with more and more synergies across countries.

2. Staff costs	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Wages and salaries	148,741	119,043	140,219	110,595
Pension costs	10,558	9,440	9,794	8,548
Other social security costs	2,301	1,916	2,005	1,835
Other staff costs	5,008	4,659	5,016	4,680
Total	**166,608**	**135,058**	**157,034**	**125,658**
Average number of employees	**243**	**190**	**222**	**176**
Total remuneration to executive board and board of directors	**4,858**	**4,424**	**4,858**	**4,424**

3. Other external expenses, special items	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Other external expenses, special items	23,555	0	23,555	0
Total	**23,555**	**0**	**23,555**	**0**

Expenses related to the Sapphire project in which the owner structure was reorganised with the entering of ATP and VIA Venture and a subordinated loan was issued. The cost relates to extraordinary consultancy and legal services in the project and is not part of the ordinary operations at Neas.

Notes

Amounts in TDKK

4. Income from investments in group enterprises	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Share of profit/loss for the year	0	0	-7,191	5,028
Total	**0**	**0**	**-7,191**	**5,028**

5. Income from investments in associates	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Share of profit/loss for the year	1,174	-820	1,174	-820
Total	**1,174**	**-820**	**1,174**	**-820**

6. Other financial income	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Financial income arising from group enterprises	0	224	122	507
Financial income from associates	221	220	221	220
Capital gain on loan repayment	0	638	0	638
Exchange rate adjustments	1,254	2,406	666	1,936
Interest income	412	1,335	411	844
Other financial income	0	0	438	0
Total	**1,887**	**4,823**	**1,858**	**4,145**

Notes

Amounts in TDKK

7. Other financial expenses	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Financial expenses from group enterprises	2,150	195	2,274	368
Guarantee provision	6,849	8,788	6,501	8,511
Interest expenses	14,310	5,489	14,289	5,465
Total	**23,309**	**14,472**	**23,064**	**14,344**

8. Tax on profit from ordinary activities	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Tax on current year taxable income	44,871	5,051	44,544	4,969
Change in deferred tax for the year	-3,996	17,737	-3,586	18,234
Correction to current tax, previous years	-1,335	0	-1,335	0
Total	**39,540**	**22,788**	**39,623**	**23,203**
Deferred tax is computed at 22% and is broken down as follows:				
Intangible assets	8,133	7,534	8,545	7,534
Property, plant and equipment	-378	-405	-357	-405
Current assets	1,969	6,591	1,177	5,822
Total provision for deferred tax, closing balance	**9,724**	**13,720**	**9,365**	**12,951**
Total provision for deferred tax, opening balance	13,720	-4,017	12,951	-5,283
Provision for deferred tax for the year	**-3,996**	**17,737**	**-3,586**	**18,234**

Notes

Amounts in TDKK

9. Intangible assets	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Software				
Cost price as of 01.01.2015	109,901	91,434	99,901	81,434
Additions during the year	13,241	18,467	13,241	18,467
Disposals during the year	-6,118	0	-6,118	0
Cost price as of 31.12.2015	**117,024**	**109,901**	**107,024**	**99,901**
Amortisations as of 01.01.2015	73,207	56,930	67,211	52,934
Correction opening balance	5	0	1	0
Amortisations during the year	13,300	16,277	11,300	14,277
Reversal of amortisations on disposals in the year	-5,474	0	-5,474	0
Amortisations as of 31.12.2015	**81,038**	**73,207**	**73,038**	**67,211**
Book value as of 31.12.2015	**35,986**	**36,694**	**33,986**	**32,690**
Contractual rights				
Cost price as of 01.01.2015	1,516	1,516	0	0
Cost price as of 31.12.2015	**1,516**	**1,516**	**0**	**0**
Amortisations as of 01.01.2015	433	216	0	0
Amortisations during the year	217	217	0	0
Amortisations as of 31.12.2015	**650**	**433**	**0**	**0**
Book value as of 31.12.2015	**866**	**1,083**	**0**	**0**
Development projects in progress				
Cost price as of 01.01.2015	0	0	0	0
Additions during the year	3,293	0	3,293	0
Cost price as of 31.12.2015	**3,293**	**0**	**3,293**	**0**
Amortisations as of 01.01.2015	0	0	0	0
Amortisations as of 31.12.2015	**0**	**0**	**0**	**0**
Book value as of 31.12.2015	**3,293**	0	3,293	0
Booked value intangleble assets as of 31.12.2015	**40,145**	**37,777**	**37,279**	**32,690**

Notes

Amounts in TDKK

10. Plant and equipment	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Cost price as of 01.01.2015	12,591	15,352	12,591	15,286
Additions during the year	1,219	479	1,219	479
Disposals during the year	-2,549	-3,240	-2,549	-3,174
Cost price as of 31.12.2015	**11,261**	**12,591**	**11,261**	**12,591**
Depreciation as of 01.01.2015	8,041	9,424	8,041	9,358
Depreciation during the year	1,216	1,347	1,216	1,347
Reversal of depreciation on disposals in the year	-2,490	-2,730	-2,490	-2,664
Depreciation as of 31.12.2015	**6,767**	**8,041**	**6,767**	**8,041**
Book value plant and equipment as of 31.12.2015	**4,494**	**4,550**	**4,494**	**4,550**
The carrying amount of assets held under finance leases amounts to	**1,744**	**2,190**	**1,744**	**2,190**

Notes

Amounts in TDKK

11. Fixed asset investments	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Investment in group enterprises				
Cost price as of 01.01.2015	0	0	35,673	30,673
Additions during the year	0	0	373	5,000
Cost price as of 31.12.2015	**0**	**0**	**36,046**	**35,673**
Revaluation and depreciation as of 01.01.2015	0	0	3,883	-1,164
Share of profit/loss for the year	0	0	-7,191	5,028
Fair value adjustments in the year	0	0	22	19
Revaluation and depreciation as of 31.12.2015	**0**	**0**	**-3,286**	**3,883**
Book value as of 31.12.2015	**0**	**0**	**32,760**	**39,556**
Book value goodwill as of 31.12.2015	**0**	**0**	**2,866**	**5,083**

Goodwill is in the Group classified as software, TDKK 2,000 and contractual rights, TDKK 866.

11. Fixed asset investments	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Investment in associates				
Cost price as of 01.01.2015	11,939	13,872	11,939	13,872
Disposals during the year	-448	-1,933	-448	-1,933
Cost price as of 31.12.2015	**11,491**	**11,939**	**11,491**	**11,939**
Revaluation and depreciation as of 01.01.2015	-4,531	-3,696	-4,531	-3,696
Share of profit/loss for the year	1,174	-820	1,174	-820
Fair value adjustments in the year	15	-15	15	-15
Revaluation and depreciation as of 31.12.2015	**-3,342**	**-4,531**	**-3,342**	**-4,531**
Book value as of 31.12.2015	**8,149**	**7,408**	**8,149**	**7,408**

Notes

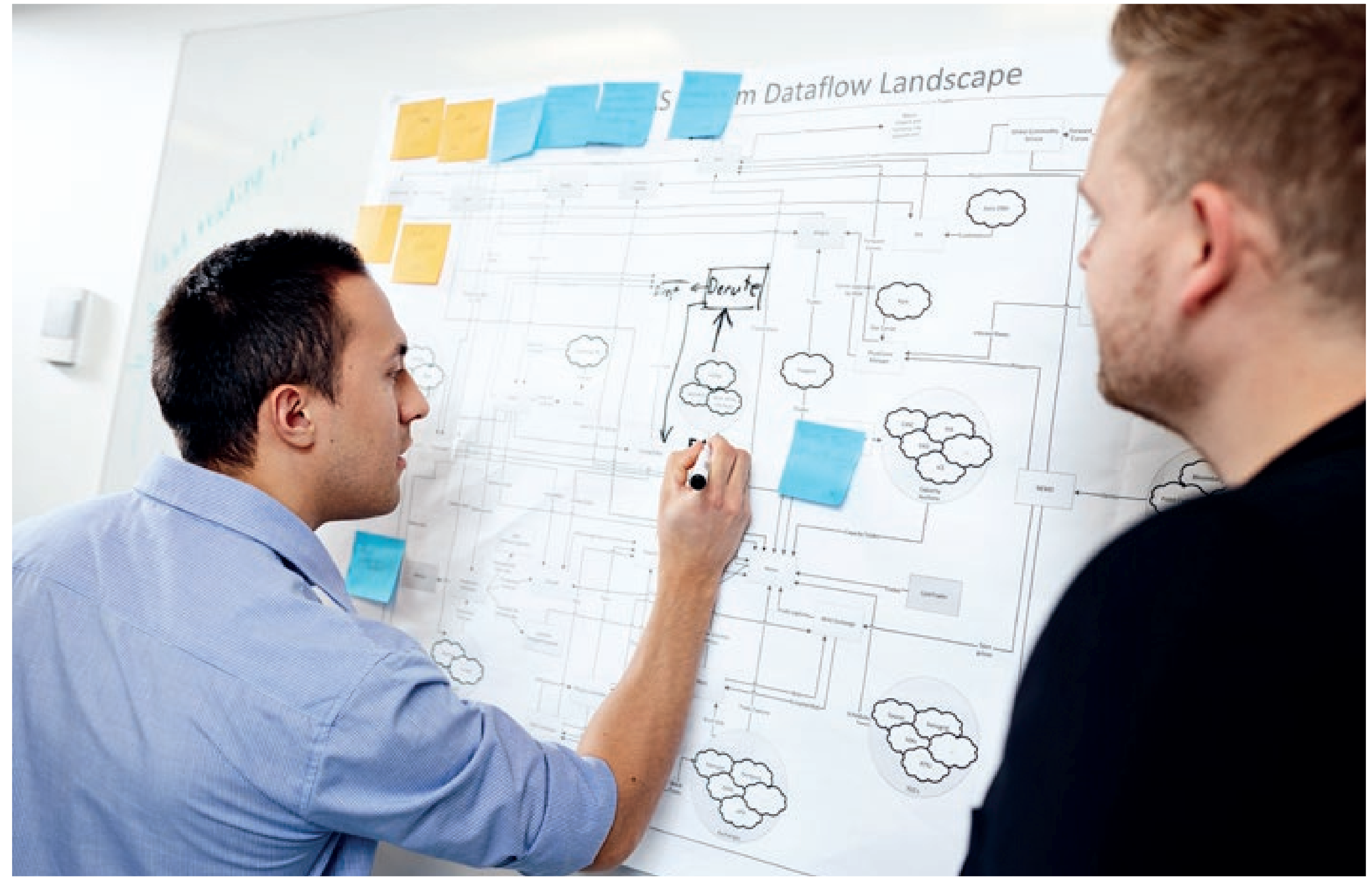
Amounts in TDKK

11. Fixed asset investments

Group enterprises	Domicile	Equity	Profit for the year	Percentage owned
Neas Invest A/S	Aalborg, Denmark	1,585	-142	100%
Neas Fondsmæglerselskab A/S	Aalborg, Denmark	11,237	-5,284	100%
Nordjysk Elhandel Finans A/S	Aalborg, Denmark	4,901	-1,440	100%
UtilityNorth A/S	Aalborg, Denmark	11,602	-398	100%
Neas Energy Ltd.	London, United Kingdom	829	184	100%
Neas Energy d.o.o. Beograd	Beograd, Serbia	-64	-64	100%
Neas Energy Gmbh.	Hilden, Germany	327	-47	100%
Associates				
Danish Carbon Fund	Copenhagen, Denmark	10,841	-2,348	7%
Vindpark Keblowo ApS	Hobro, Denmark	14,805	2,672	50%

11. Fixed asset investments

	Group		Parent company	
	2015	**2014**	**2015**	**2014**
Receivables from group enterprises				
Cost price as of 01.01.2015	111,045	0	111,045	0
Additions during the year	0	111,045	0	111,045
Disposals during the year	-84,635	0	-84,635	0
Cost price as of 31.12.2015	**26,410**	**111,045**	**26,410**	**111,045**
Revaluation and depreciation as of 01.01.2015	0	0	0	0
Revaluation and depreciation as of 31.12.2015	0	0	0	0
Book value as of 31.12.2015	**26,410**	**111,045**	**26,410**	**111,045**
Book value fixed asset investments as of 31.12.2015	**34,559**	**118,453**	**67,319**	**158,009**



Notes

Amounts in TDKK

12. Other receivables	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Fair value of physical and financial instruments	360,369	313,496	360,369	313,496
Certificates	102,498	54,369	102,498	54,369
Deposits	55,232	48,321	54,722	45,449
Deposits - on call	29,910	27,193	29,910	27,193
Accrued trading counterparties	267,642	271,462	264,579	270,458
Others	51,546	53,964	7,011	37,043
Total	**867,197**	**768,805**	**819,089**	**748,008**

13. Share capital

Share capital comprises 123,507,152 shares at a nominal value of DKK 1 each - 84,998,992 A-shares and 38,508,160 B-shares.

In 2015 there has been a disposal of treasury shares of TDKK 3,083. At 31.12.2015 there are no treasury shares.

Changes in share capital	
Balance as of 01.01.2011	125,038
Disposal of treasury shares, 25.06.2015	-3,083
Cash capital increase, 25.06.2015	38,508
Cash capital decrease, 25.06.2015	-36,956
Balance as of 31.12.2015	**123,507**

Notes

Amounts in TDKK

14. Non-current liabilities other than provisions	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Nominal value of long-term debt	362,372	0	362,372	0
Within 1 year	12,372	2,553	12,372	2,553
2-5 years	0	0	0	0
After 5 years	350,000	0	350,000	0
Total	**362,372**	**2,553**	**362,372**	**2,553**

Additional information on subordinated loan capital:

	Notional value, TDKK	Maturity	Interest	Condition for subordination
Subordinated loan from parent company	100,000	25.06.2023	4 % per annum.	In the event of default, the loan is subordinated to "simple creditors" in accordance with the Danish bankruptcy act.
Other subordinated loan	250,000	25.06.2023	Cibor (3 month) plus a 7% margin per annum. If the Cibor-rate is below 1%, Cibor will be deemed to be 1%.	In the event of default, the loan is subordinated to "simple creditors" in accordance with the Danish bankruptcy act.
Total	350,000			

15. Other payables	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Fair value of physical and financial instruments	280,171	288,256	280,171	288,256
Accrued trading counterparties	695,460	488,825	685,524	472,702
Others	52,346	32,158	51,709	31,256
Total	**1,027,977**	**809,239**	**1,017,404**	**792,214**

Notes

Amounts in TDKK

16. Guarantees	Group 2015	Group 2014	Parent company 2015	Parent company 2014
The Company's banks have provided guarantees for contractual obligations guarantees at the balance sheet date amounted to	634,033	344,408	617,014	344,408

17. Security furnished	Group 2015	Group 2014	Parent company 2015	Parent company 2014
The following assets have been deposited as security for limits in banks: Cash with a carrying amount of	66,180	45,298	66,180	45,298

Neas Energy A/S has provided security against Neas Energy Ltd. for all accounts with Handelsbanken, which as per 31 December 2015 amounted to TDKK 24,303.

Neas Energy A/S has provided security against Nordjysk Elhandel Finans A/S for all accounts with Sydbank, which as per 31 December 2015 amounted to TDKK 7.

18. Contingent liabilities

Group

The Groups Danish companies participates in a Danish joint taxation arrangement in which NE Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2015 for income taxes etc. for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

Parent company

The Company participates in a Danish joint taxation arrangement in which NE Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2015 for income taxes etc. for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

Notes

Amounts in TDKK

19. Contractual obligations	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Non-financial rent and leasing payments:				
Within 1 year	7,322	7,533	7,713	7,533
2 -5 years	23,477	22,387	23,477	22,387
After 5 years	35,705	46,916	35,705	46,916
Total	**66,504**	**76,836**	**66,895**	**76,836**

20. Fees paid to auditors appointed at the annual general meeting	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Mandatory audit of the annual accounts	844	817	525	475
Other declaration tasks with security	0	27	0	0
Tax advise	148	48	74	14
Other services	1,092	1,242	1,006	1,073
Tax advise, other auditors	91	413	0	413
Total	**2,175**	**2,547**	**1,605**	**1,975**

Notes
Amounts in TDKK

21. Related parties

Controlling influence:	Basis of influence:
NE Holding A/S, Aalborg	Parent company

Significant influence:	Basis of influence:
Karsten Sivebæk Knudsen, Holte	Chairman of the supervisory board of directors
Eigild Bødker Christensen, Aalborg	Vice chairman of the supervisory board of directors
Michael Dreisler, Aalborg	Member of the supervisory board of directors
Peter Thorlund Haahr, Frederiksberg	Member of the supervisory board of directors
Poul Lind, Holte	Member of the supervisory board of directors
Søren Rygaard, Skødstrup	Member of the supervisory board of directors
Kenneth Brian Skou, Hørning	Member of the supervisory board of directors

Transactions:

Fees to the executive and supervisory boards, re. note 2.

Ownership structure:

The following shareholders are registered in the company's Register of Shareholders with a shareholding of more than 5%: NE Holding A/S, Aalborg, Via Venture Partners Fond II K/S, Hillerød and Arbejdsmarkedets Tillægspension, Hillerød.

Neas Energy A/S, the parent company, appears as a subsidiary in the consolidated accounts for NE Holding A/S, which includes the biggest and smallest group in which the parent company is a subsidiary.

Notes regarding IAS 39
Amounts in TDKK

The notes in the following section are an addition related to the IAS 39 requirements to specify Risk and Fair Value in the balance sheet.

22. Risk note

Market Risk
Managing energy assets operating on liberal market terms with significant price volatility and constantly changing exposure imposes significant requirements to the organization. The ownership, control, assurance of risks are segregated between front, middle and back office, respectively. Risk Management constantly monitors exposure across business areas using a standard Value-at-Risk (VaR) approach complimented with an internally developed model to compensate for some of the known limitations of the VaR approach. The associated risk limits are set in the Risk Policy on the Group level and in the Risk Guidelines for the respective business areas.

The total day-to-day risk, as defined in the Risk Policy, reported ultimo 2014 and 2015 are 6.1 mDKK and 8.7 mDKK respectively. The majority of market risk exposure reflected in these numbers is related to price spread among price areas or as time spreads within price area as oppose to an outright exposure against the general price level of power or gas.

The framework for open currency positions is based on the risk assessment of the foreign currency market. Each currency is associated with a risk weight reflecting the risk related to the respective currencies. The commercial currency exposure is accumulated in a portfolio managed by Neas Energy's Treasury Department and subsequently hedged in the market.

Renewable production volumes and the associated volumetric risk are regularly reassessed. Our meteorologists, traders and quantitative analysts carry out this evaluation. Based on their evaluation the hedge might be adjusted within the limits set in the Risk Policy.

Notes regarding IAS 39

Amounts in TDKK

23. Liquidity Risk

During 2015, continuous measures were taken to manage liquidity risk and optimize cash flow management. Neas Energy has positive cash flow and solid liquidity reserve to support our business limiting the liquidity risk concerning obligations to customers and counterparts. In 2015 the subordinated loan from ATP as well as co-operation with Euler Hermes have had a positive influence on the liquidity reserve. Continuous focus has been given to daily monitoring and reporting on liquidity to ensure optimal placement of cash relative to earnings. Furthermore, a continuous focus has been on procedures for monitoring and reporting on cash flow management.

Liquidity risk is the risk that the Group is unable to meet its financial obligations as they fall due. The Group experiences significant movements in its liquidity position due primarily to the seasonal nature of its business and margin cash arrangements. To mitigate this risk the Group maintains significant committed facilities. Maturities of derivative financial instruments, borrowings, and trade and other payables are provided in the following tables:

2015

	Ultimo 2015	2016	2017	2018	After 2019
Trade payables	62,524	-62,524	0	0	0
Other payables - Accrued trading counterparties	695,460	-695,460	0	0	0
Fair value of physical and financial instruments	-186,525	121,512	25,428	39,247	337
Subordinated loan	362,372	-32,779	-4,060	-4,060	-370,300
Total	**933,831**	**-669,251**	**21,368**	**35,187**	**-396,963**

2014

	Ultimo 2014	2015	2016	2017	2018	After 2019
Trade payables	121,900	-121,900	0	0	0	0
Other payables - Accrued trading counterparties	488,825	-488,825	0	0	0	0
Fair value of physical and financial instruments	-163,826	78,049	42,462	6,867	22,186	14,261
Total	**446,899**	**-532,676**	**42,462**	**6,867**	**22,186**	**14,261**

Neas Energy does not at this point in time have the data to display the fair value in gross on both assets and liabilities thus the fair value in the balance sheet is shown as net values. Below is a tabel which shows how the Net value of the Fair value of physical and financial instruments are booked in the balance sheet.

	2015	2014
Fair value of physical and financial instruments - assets	466,695	452,082
Fair value of physical and financial instruments - liabilities	280,171	288,256
Fair value of physical and financial instruments - net values	**186,525**	**163,825**

For further specification see note 24 regarding Offsetting.

Notes regarding IAS 39

Amounts in TDKK

24. Credit Risk

According to Neas Energy's Risk Policy, all counterparts are required to be credit-rated and an internal cap imposed defining the maximum exposure allowed. Credit evaluating each counterpart specifically is creating this foundation by setting the basic boundaries for the trading activities. During and after onboarding, the credit team monitors the customer's or counterparty's credit worthiness and decides what should be done in order to enter a contract or a cooperation including the issues regarding bank guarantees, parent company guarantee, CSA etc. A new structure has been applied to the approval hierarchy from Credit Team Lead upwards to the CFO, CEO and The Board of Directors. Neas Energy's credit risk monitoring covers a daily report of the overall credit lines and exposure to trading counterparts.

2015	Trade Receivables	Other receivables - Accrued trading counterparties	Fair value of physical and financial instruments	Total
The credit quality of the group's counterparties				
Clearing centres	95,459	50,186	31,924	177,569
Minimal risk	26,157	95,919	256,395	378,471
Low risk	2,523	21,367	52,001	75,891
High risk	0	5,918	124	6,042
Not rated	48,263	94,252	19,925	162,440
Total	**172,402**	**267,642**	**360,369**	**800,413**

2014	Trade Receivables	Other receivables - Accrued trading counterparties	Fair value of physical and financial instruments	Total
The credit quality of the group's counterparties				
Clearing centres	97,003	48,755	88,312	234,070
Minimal risk	89,662	65,849	130,563	286,074
Low risk	3,440	66,146	64,942	134,528
High risk	0	3,370	982	4,352
Not rated	43,017	87,342	28,697	159,056
Total	**233,122**	**271,462**	**313,496**	**818,080**

Notes regarding IAS 39

Amounts in TDKK

24. Credit risk (continued)

A considerable part of Neas Energys counterparts are covered by the standard EFET agreement. This agreement also contains regulation on credit, payment and offsetting. This means that Neas Energy is less exposed to credit risk as opposed to a setup with less or no standardised terms. In general, Neas Energy has had no claims against counterparts without the ability to pay.

Minimal and low risk covers TSO's, Power Plants and A-rated counterparts. It is the assessment of the Group that these counterparts carries no or only little credit risk as they are part of partly public security of supply or have high credit ratings. The category "Not rated" covers counterparts with smaller claims that has not been formally classified in the year end process or counterparts without any formal rating. However, Neas Energy always carries out an internal evaluation of the credit risk towards any counterpart before trading is allowed.

No receivables are past due.

Notes regarding IAS 39

Amounts in TDKK

24. Credit risk (continued)

Neas Energy enters in to offsetting agreements with counterparts also covering financial contracts. Both long and short positions are traded with these counterparts and the gross value of these contracts can be significant. However, the possibility to offset individual contracts with these counterparts means that the actual cash settlement of the contracts is significantly lower. Offsetting is mainly done on specific counterparts on the specific product, but Neas Energy has a few master netting agreements with the possibility to do cross commodity netting. The netting is also carried out in the actual settlement in cash.

The table below shows the financial assets and liabilities that are subject to offsetting.

Offsetting of receivables	2015			2014		
	Gross	Netting	Net	Gross	Netting	Net
Trade receivables	194,262	-21,860	172,402	240,805	-7,683	233,122
Other receivables - Accrued trading counterparties	653,824	-386,182	267,642	536,561	-265,099	271,462
Fair value of physical and financial instruments						
Other Receivables: Fair value of physical and financial instruments	368,839	-8,470	360,369	315,859	-2,363	313,496
Receivable from group enterprises, current portion	26,410	0	26,410	97,518	0	97,518
Receivable from group enterprises, non-current portion	26,173	0	26,173	9,372	0	9,372
Received cash on Futures	19,706	0	19,706	13,144	0	13,144
Gas storage	25,567	0	25,567	16,189	0	16,189
Total	466,695	-8,470	458,225	452,082	-2,363	449,719
Total	**1,314,781**	**-416,512**	**898,269**	**1,229,448**	**-275,145**	**954,303**

Offsetting of payables	2015			2014		
	Gross	Netting	Net	Gross	Netting	Net
Trade payables	84,384	-21,860	62,524	129,582	-7,683	121,899
Other payables - Accrued trading counterparties	1,090,112	-394,652	695,460	756,287	-267,462	488,825
Fair value of physical and financial instruments	280,171	0	280,171	288,256	0	288,256
Total	**1,454,667**	**-416,512**	**1,038,155**	**1,174,125**	**-275,145**	**898,980**

The Company's banks have provided guarantees for contractual obligations guarantees at the balance sheet date amounted to TDKK 634,033.
The counterparties banks have provided guarantees for contractual obligations guarantees at the balance sheet date amounted to TDKK 70,295.

Notes regarding IAS 39
Amounts in TDKK

25. Sensitivity analysis of financial instruments

The sensitivity analysis in the table shows the effect of market value changes assuming a relative price change at 31 December. Effect on profit (loss) before tax comprises financial instruments that remained open at the balance sheet date and have an effect on profit (loss) in the financial year in question.

	2015		2014	
	P/L effect	**Reasonably possible change in variable %**	**P/L effect**	**Reasonably possible change in variable %**
Nordic Power	7,775	+/- 4%	11,609	+/- 4%
Continental Power	16,643	+/- 4%	12,727	+/- 4%
UK Power	1,368	+/- 5%	600	+/- 5%
Europe Gas	0	+/- 5%	727	+/- 5%

Notes regarding IAS 39
Amounts in TDKK

26. Fair value hierachy

Fair value hierachy

Financial assets and financial liabilities measured and held at fair value are classified into one of the three categories, known as hierarchy levels, which are defined according to the inputs used to measure fair value as follows:

- Level 1: Fair value is determined using observable inputs that reflect unadjusted quoted market prices for identical assets and liabilities;
- Level 2: Fair value is determined using significant inputs that may be directly observable inputs or unobservable inputs that are corroborated by market data; and
- Level 3: Fair value is determined using significant unobservable inputs that are not corroborated by market data and may be used with internally developed methodologies that result in management's best estimate of fair value.

Valuation techniques used to derive Level 2 and Level 3 fair values and Group valuation process

Level 2 energy derivatives are fair valued by comparing the difference between the expected contractual cash flow for the relevant commodities and the quoted prices or prices derived from quoted prices. Renewable energy contracts with volume flexibility enters the valuation with their expected production profile.

Level 2 foreign exchange contracts are fair valued using forward exchange rates that are quoted in an active market.

For Level 3 energy derivatives, the main input used by the Group pertains to deriving expected future commodity prices in markets with no quoted prices at all. This applies for some OTC gas and power contracts traded in very illiquid markets.

Gas storage and cross border capacities (gas and power) enter the valuation (Level 3) using the intrinsic value as an estimate of the fair value. On the transaction date, the extrinsic value (time value) is computed as the difference between the book value and the intrinsic value. This time value is deferred until delivery of the underlying assets, equivalent to deferred day-1 values.

Level 1
- Exchange traded derivatives and identical energy contracts

Level 2
- Power derivatives (not in Level 1 or 3)
- Gas derivatives (not in Level 1 or 3)
- Powercertificates derivatives
- Currency derivatives

Level 3
- Asian options
- Gas Storage
- Cross border capacities
- Power and gas derivatives traded in markets with no access to market data

It should be noted that the fair values disclosed here only concern those contracts entered into which are within the scope of IAS 39. The Group has a few other commodity contracts which are outside the scope of IAS 39 and are not fair valued.

The Group's valuation process includes specific team of individuals (Risk Management) that perform valuation of the Group's derivatives for financial reporting purposes, including Level 3 valuations. It is also Risk Management that derives future commodity price curves based on available external data and these prices feed in to the energy derivatives valuations.

Notes regarding IAS 39

Amounts in TDKK

26. Fair value hierachy (continued)

Sensitivity analysis of Level 3 contracts

The market risk exposure associated with the Level 3 contracts can be divided into three groups of similar risk profile. The first is the price risk on the unobservable unquoted outright gas and power derivatives. The second is a small portfolio of net bought Asian options with an insignificant market risk. The third group is a portfolio of bought real options – cross border capacities and gas storages. The downside risk is limited by the fact Neas Energy has the right, but not the obligation to utilize these real options.

The market risk for all Level 3 contracts is included in the risk limits set in the Risk Policy and consequently hedged in the underlying markets or through proxy hedged in correlated markets (Level 1 and 2 contracts). These contracts have no significant exposure against the general price level of gas or power.

2015

	Level 1	Level 2	Level 3	Total
Power	-26,224	162,345	7,271	143,392
Gas	1,974	4,086	33,010	39,070
Other	-	4,064	-	4,064
Total	**-24,250**	**170,495**	**40,281**	**186,526**

2014

	Level 1	Level 2	Level 3	Total
Power	139,020	-66,483	50,198	122,735
Gas	-105	20,102	3,117	23,114
Other	-	17,978	-	17,978
Total	**138,915**	**-28,403**	**53,315**	**163,827**

Other financial instrument

Due to their nature and/or short-term maturity, the fair values of trade and other receivables, cash and cash equivalents, trade and other payables and provisions are estimated to approximate their carrying values.

Loans and other borrowings

The fair value of short-term loans and commercial paper are assumed to equal their book values due to the short-term nature og these amounts.

The reconciliation of the Level 3 fair value measurements during the year is as follows.

Level 3 financial instruments	2015 Financial instruments	2014 Financial instruments
As of 01.01.2015	53,315	2,021
Total realised and unrealised (losses)/gains	-13,034	51,294
As of 31.12.2015	**40,281**	**53,315**
Total (losses)/gains for the year for level 3 instruments	**56,648**	**96,030**

Maximizing Value by Managing Risk

NEAS ENERGY

Skelagervej 1 · DK - 9000 Aalborg · neasenergy.com
CVR no. 20293195