

European Energy Holding ApS

Annual report 2015

The annual report has been presented
and approved at the Company's annual
general meeting on 9 June 2016



Knud Erik Andersen
Chairman

CVR no. 25 62 56 76
Gyngemose Parkvej 50, 2860 Søborg

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Statement by the Executive Board

The Executive Board have today discussed and approved the annual report of European Energy Holding ApS for the financial year 1 January – 31 December 2015.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

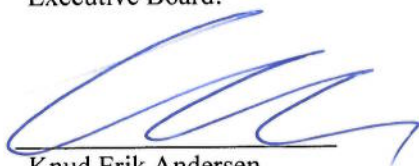
In my opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2015 and of the results of the Group's and the parent company's operations and the Group's cash flows for the financial year 1 January – 31 December 2015.

In my opinion, the Management's review gives a fair review of the development in the Group's and the parent company's operations and financial matters, the results for the year and the Group's and the parent company's financial position.

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

Søborg, 9 June 2016

Executive Board:



Knud Erik Andersen

Independent auditors' report

To the shareholder of European Energy Holding ApS

Independent auditors' report on the consolidated financial statements and the parent company financial statements

We have audited the consolidated financial statements and the parent company financial statements of European Energy Holding ApS for the financial year 1 January – 31 December 2015. The consolidated financial statements and the parent company financial statements comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes for the Group as well as for the parent company and consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

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

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the consolidated financial statements and the parent company 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 as to whether the consolidated financial statements and the parent company 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 the parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of consolidated financial statements and parent company financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2015 and of the results of the Group's and the parent company's operations and the consolidated cash flows for the financial year 1 January – 31 December 2015 in accordance with the Danish Financial Statements Act.

Independent auditors' report

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 9 June 2016

KPMG

Statsautoriseret Revisionspartnerselskab
CVR-nr. 23 57 81 98



Lau Bent Baun
Statsautoriseret revisor



Martin Eiler
Statsautoriseret revisor

Management's review

Company details

European Energy Holding ApS
Gyngemose Parkvej 50
DK-2860 Søborg

CVR no.: 25 62 56 76

Established: 30 August 2000

Registered office: Gladsaxe

Financial year: 1 January – 31 December

Executive Board

Knud Erik Andersen

Auditors

KPMG
Godkendt Revisionspartnerselskab
Dampfærgevej 28
DK-2100 Copenhagen

Annual general meeting

The annual general meeting will be held on 8 June 2016.

Management's review

EUR'000	2015	2014	2013	2012	2011
Key figures					
Revenue	58,799	62,947	29,963	35,682	30,801
Direct costs	-37,973	-44,115	-13,257	-20,554	-19,293
Gross profit	21,095	18,832	16,706	15,128	11,508
Operating profit	11,744	11,634	8,987	7,815	3,618
Special items	0	0	0	0	300
Loss from financial income and expense	-2,910	-5,542	-5,156	-3,666	-4,511
The Group's share of profit for the year	4,856	5,175	2,558	4,233	255
Total assets					
Equity	39,705	34,891	30,644	27,886	23,850
Cash flows					
Cash flows from operating activities	23,666	-6,161	-1,432	5,996	-1,129
Net cash flows from investing activities	-54,165	-4,650	3,230	4,754	35,671
Portion relating to investment in property, plant and equipment, net	-18,225	-5,563	-7	-301	-880
Cash flows from financing activities	29,666	18,860	-2,986	-12,189	-35,212
Total cash flows	-833	8,049	-1,188	-1,439	-670
Financial ratios					
Gross margin	35.9%	29.9%	55.8%	42.4%	37.4 %
Operating margin	20.0%	18.5%	30.0%	21.9%	11.8 %
Equity ratio	17.6%	18.2%	22.2%	21.9%	17.9 %
Return on equity	12.2%	15.8%	8.7%	16.4%	1.1 %
Average number of full-time employees					
	53	46	41	38	39

Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2010".

The financial ratios have been calculated as follows:

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Operating margin	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Equity ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit after tax} \times 100}{\text{Average equity}}$

Management's review

Management Report for European Energy Holding ApS

The Company's Main Activities

The main focus of the European Energy Holding Group is developing and constructing wind turbines and solar parks. Another focus of the Group is purchasing existing renewable energy parks and the financing of these for either disposal or operation.

Development of Operations

The most significant part of the activities in the Group are related to the subsidiary European Energy A/S. On the top of the activities in the subsidiary European Energy A/S there are only a few other balance sheet items in the Group related to non-current assets (Other receivables), current assets (deferred tax asset) and to liabilities (Other payables).

Value creation and costs connected to the business model

The European Energy business model is to develop, finance, construct and finally divest energy projects within solar and wind energy.

The primary value is created either by developing projects to the level where all their permits are in place or by acquiring project rights or ready-to-build projects that fit the European Energy model.

Once a project has been developed, the project rights have been purchased or a ready-to-build project has been acquired, the next step is to secure the financing required, to order the turbines or the solar panels and to construct the projects. The value creation is illustrated in the figure to the right.

With the completion of each phase of the planning and development, the amount of European Energy's investment increases, as does the likelihood of a successful outcome. The amount of capital invested in the beginning phases is substantially lower than the investment made during the construction phases.

In the initial planning stage, European Energy endeavours to keep costs to a minimum as the substantial risks during this period can prevent a project from being successfully developed.

The chances of success improve as a project progresses through the various phases of development, which in turn enhances the value of the project. The greatest value is created during project development phase, from the time the permits are obtained until construction is ready to commence. In the case of an onshore wind project, approximately 90% of the value is created in the stages leading up to construction, while only about 10% is attributable to the construction itself.

Although the construction phase requires by far the highest level of investment, the margins obtained at this stage are lower than those in the development phase. The 90% value created is recognised in profit and loss if a project is divested before its construction. The remaining 10% will be recognised in profit and loss during the construction phase.

Group structure of European Energy

The European Energy group has a structure consisting of 295 companies (as at the end of 2015) with European Energy A/S as the parent company (Group). European Energy A/S

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owns several subsidiaries, associates and joint venture companies, which in turn own additional subsidiaries, associates or joint venture companies.

One reason for the large number of Group companies is that many of European Energy's wind and solar projects are held by project-specific special purpose vehicles (SPV). The SPVs provide the platform for developing and constructing a project. The SPV then becomes a self-contained vehicle that can be more easily sold to investors, either after the power plant goes into operation or at an earlier stage of development. The SPVs take the form of either a limited company or a tax-transparent company.

Of the 295 companies within the the subsidiary European Energy A/S, 104 are partnerships in the form of joint ventures, associated companies or companies owned by these entities. These partnerships enable the Group to maintain a diversified portfolio while also reducing risk. In addition, the Group has 11 investments in companies where its ownership is below 20% which are not material investments to the Group.

At the end of 2015 the total number of subsidiaries directly or indirectly owned by the parent company was 179, all of which were consolidated line by line in the consolidated income statement.

The 104 joint ventures, associated companies and companies owned by these entities are recognised in one line as "equity-accounted investments" in the gross profit section of the consolidated income statement. In the balance sheet they are recognised in the joint venture investments line or the associated companies investment line, both under non-current assets. As regards to the 11 companies where the Group has no material ownership, the investments are recognised at cost and are stated in the balance sheet as other investments.

Profit & Loss

2015 was a good year for European Energy Holding ApS. Profit for the year totalled EUR 6.2 million (EUR 6.2 million in 2014). Management is very satisfied with this performance, in particular because European Energy has succeeded in developing, constructing and divesting wind and solar energy projects in several core markets as well as taken on several new projects over the course of the year, the developments of which are expected to keep the activity level high in 2016.

Revenue totalled EUR 58.8 million (down from EUR 62.9 million in 2014). The revenue came from the divestment of power generating assets, the sale of electrical power, fees from construction activities, asset management and other fees. The revenue from electrical power sales decreased to EUR 5.8 million from EUR 6.6 million in 2014 due to the divestment of wind assets. Revenue from engineering, procurement and construction (EPC) contracts increased from EUR 0.6 million in 2014 to EUR 6.3 million in 2015. The increase in this revenue line clearly shows the effect of the increased activity level. Asset management and other fees also increased from EUR 1.2 million to EUR 2.8 million. The reason for this increase is attributable in part to the increased number of companies the Group has under management while EUR 1.6 million stems from the increase in non-recurring revenue coming from other consultancy services provided by the European Energy Group.

The most important revenue line is the divestment of power generating assets. This revenue decreased from EUR 52 million in 2014 to EUR 36 million in 2015. In 2014 most sales were

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generated by divesting companies wholly owned by the European Energy Group, and therefore recognised gross line by line. In 2015 the majority of the revenue comes from divesting joint ventures – with net recognition/one line in the financial statement. The difference in the accounting principles, whereby the sale of line-by-line companies is recognised gross and the sale of joint ventures is recognised net, has meant that the 2015 revenue is less than that of 2014, despite the fact that European Energy divested more capacity in 2015 when measured by megawatt.

Profit after tax on equity-accounted investments (joint ventures and associated companies) came to EUR 1.7 million compared to EUR 0.5 million in 2014. In terms of wind energy, 2015 was a much better year in Europe than 2014 – an improvement that is reflected in our performance, as most of European Energy's investments in joint ventures and associates are within wind power generating assets.

Direct costs totalled EUR 38.0 million, which includes write offs of inventory of EUR 0.5 million and write-downs of inventory of EUR 4.5 million. Management has looked at the total portfolio of projects under development and diversified it into segments according to project maturity and time elapsed since project start. This segment analysis has led to an overall impairment of EUR 4.5 million. Management finds the impairment properly reflects the risk of the total portfolio. In 2014 the total impairment and write off of inventory amounted to EUR 0.3 million.

Gross profit amounted to EUR 20.8 million in 2015 (up from EUR 18.8 million in 2014), which resulted in a gross margin of 35.4% (up from 29.9% in 2014). Net financial expenses decreased to EUR 2.9 million (down from EUR 5.5 million in 2014). The decrease is mainly attributable to net foreign exchange gains of EUR 1.4 million compared to net foreign exchange losses of EUR 0.3 million in 2014. European Energy has also provided more loans to associated companies and joint ventures, which has generated extra interest income in 2015.

The profit before tax came in at EUR 10.6 million from EUR 6.6 million in 2014. Tax for the year has increased as a result of higher income, an impairment of the deferred tax assets of EUR 1.0 million and a tax audit in Germany for the years 2006-2009 comprising a total of EUR 1.6 million. The tax audit in Germany is finished, so no further adjustments to prior tax returns are expected.

The balance sheet

The brisker activity has served to boost project portfolio from EUR 13.0 million in 2014 to EUR 41.5 million in 2015. This includes an increase in the impairment provision of EUR 4.5 million from EUR 2.7 million in 2014 to EUR 7.4 million in 2015, as explained in the profit and loss section. After impairment, the projects under development are valued at EUR 9.6 million in 2015 (down from EUR 11.3 million in 2014).

Equity-accounted investments (joint ventures and associates) totalled EUR 18.9 million (up from EUR 16.1 million in 2014). The increase is attributable to the fact that the equity accounted companies realised a profit of EUR 1.7 million for 2015 and to a net addition of these companies of EUR 1.1 million. Loans to related parties increased by EUR 3.7 million (up to a total of EUR 20.0 million) due to the higher activity level in 2015, which supports

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the Group's strategy of intensifying project development through joint ventures and associated companies.

Trade receivables (current assets) decreased to EUR 46.5 million in 2015 (down from EUR 63.5) million in 2014). At the end of 2014 receivables included the divestment of two solar energy farms in the UK. The closing of this sale and the proceeds receivable were finalised in July 2015. The balance end of 2015 includes the net receivable of selling the Vandel solar farm. This receivable has been received at financial closing of the divestment, which was made in March 2016.

Net deferred taxes in the balance sheet fell from EUR 4.8 million in 2014 to EUR 2.9 million in 2015. One reason being the EUR 1.0 million impairment of tax losses brought forward and another being the use of tax losses in countries where European Energy had activities during the year.

As a result of the increased activity, total assets climbed to EUR 227.0 million in 2015 (up from EUR 191.6 million in 2014).

Cash flow statement

The greater activity level has led to a negative cash flow for the year, net of EUR -833 million (2014: EUR 8,047 million). This comes from cash flow from operating activities of EUR 23,666 million, cash flow from investing activities of EUR -54,165 million and cash flow from financing activities of 29,666 million.

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Divestment

Institutional investors in search of long-term, low-risk investments are increasingly looking to buy renewable energy assets. Globally, clean energy investments set a new record, reaching USD 329 billion according to Bloomberg New Energy Finance. Beyond a doubt, 2015 shows that renewable energy has become a mainstream investment area.

Reflecting this trend, European Energy generated results by realising a range of projects for professional buyers. The renewable power generating assets divested by European Energy in 2015 reached an enterprise value of EUR 148.6 million including third party equity interests.

2015: main results

Solar PV in Denmark made the most significant contribution to European Energy's performance. We constructed and sold 130 solar PV installations on three sites. Project buyers included a fund managed by Allianz Global Investors, which competed with several other large and experienced international funds and institutional investors as well as a major Danish Family Office.

In Germany, European Energy has been able to conclude sales agreements on three onshore wind projects, two of which are still under construction. The fact that projects are sold before or during the construction phase shows that investors consider the German market to be highly stable and attractive.

Sale of electrical power

At the end of 2015, European Energy owned wind and solar power generating assets with a net capacity of 139mw, producing electrical power in Germany, the UK, Denmark, Italy, Bulgaria and Spain. Our total electrical power production in 2015 amounted to 191,000mwh, enough to power around 56,000 households.

European Energy often co-owns assets with partners ranging from utilities to private Danish investors. Our portfolio primarily consists of assets built by European Energy as well as older operational parks bought to start the repowering process of replacing aging, small turbines with newer, more efficient ones.

Sales of electrical power grew by 24.6% to EUR 24.3 million in 2015. Although this growth is mainly due to the acquisition of new capacity, 2015 was also a better year for wind than 2014.

Power prices were generally low in 2015 and are likely to remain low in 2016. However, thanks to long-term power purchase agreements and long-term feed-in tariffs (FITs), the low market prices have a limited impact on our profit. To the extent possible and where economically feasible, we sell the power produced by and the certificates issued to our operating assets via power purchase agreements. Moreover, our German wind turbines, representing 70% of our power generating assets, receive a predetermined feed-in tariff for 20 years after commissioning. For other countries, such as Italy, renewable energy sources are eligible for a green certificate or a similar bonus to the market price for electricity produced.

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Asset management

Revenue from wind and solar farms is contingent upon factors beyond the technology installed, weather conditions and electricity prices. Since renewables are long-term investments, their overall return also greatly depends on reliable

asset operation and maintenance. To this end, European Energy's asset management team dedicates its resources to optimising the operation of wind and solar farms, both our own and those we manage on behalf of third parties.

Our asset management department acts as a one-stop shop, offering investors a full spectrum of asset management. Investors can therefore make passive investments without worrying about the operation and maintenance of the wind or solar park concerned. For instance, European Energy has teamed up with a subcontractor to supply operational services for the 126 newly constructed installations at Vandel, offering a 10-year contract package that thus significantly reduces the technical and operational risks associated with the project.

2015 results

In 2015, European Energy managed a portfolio of power generating assets totalling 249 wind turbines and 18 solar PV parks. The total portfolio of power generating assets that European Energy manages amounts to 518mw consisting of 385mw of our own assets plus the 132mw that we manage on behalf of third parties. The revenue generated from asset management amounted to EUR 1.2 million in 2015.

How European Energy works

European Energy's approach to asset management is to monitor and analyse the performance of the assets with a view to implementing optimisation strategies regarding production, cost structure, refinancing and repowering. European Energy also ensures legal, technical and safety compliance and consistent reporting to stakeholders such as investors and financing banks. The work ranges from the task of ensuring access to turbines requiring maintenance, through to operation and management, bookkeeping and negotiation with insurance companies and power traders.

European Energy aims to identify risks early in order to reduce the impact on hardware and the effect on the performance and production of the assets. We achieve this through a combination of remote monitoring and site visits.

Development and construction

2015 was a busy year for European Energy, especially with regard to construction activities.

European Energy constructed and grid-connected wind and solar power generating assets with a total capacity of 154 mw and an investment value of 176M EUR, thus supplying renewable electricity for approximately 66,000 households. In comparison, a total capacity of 527 mw was constructed between 2004 and 2014. We have developed most of the projects

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ourselves from the greenfield stage. Moreover, we have commenced the construction of several wind and solar power generating assets. At the end of 2015 we had construction sites with approximately 100 mw of capacity.

As part of our strategy to drive down the cost of renewable energy, we started acting as an engineering, procurement and construction (EPC) contractor in 2015. Being an EPC contractor gives us a competitive edge, because we not only design the project but also procure all materials, manage the construction process and deliver turnkey power generating assets to investors. In 2015 we were an EPC contractor on Danish and British solar PV projects, as well as on German wind projects.

Construction activities in 2015

Our main construction activities were in Denmark, the UK and Germany, where we grid-connected assets of 154 mw in 2015. In addition, we constructed a 380 kW rooftop solar PV power station that powers a desalination utility in the Maldives – our first project completed under the Nordic Power Partners (NPP), our partnership with the Danish Climate Fund.

Denmark: wind and solar

In 2015 European Energy conducted its main development and construction activities in Denmark. Among other projects, we initiated and completed the construction of 126 PV installations in Vandel. The project is located on a closed airbase and covers an area of 108 hectares, corresponding to 150 soccer fields. The project was connected to the grid in 2015 and now produces renewable electricity for around 21,500 households.

Another flagship construction project involved the installation of the world's largest wind turbine, consisting of 2 MHI Vestas V164 8 mw offshore turbines, in Måde. The two turbines are the first in the MHI Vestas product line, and European Energy is the first developer to gain experience with these offshore turbines.

Solar in United Kingdom

European Energy completed construction of three solar PV sites in the UK with a total capacity of 15 mw, and construction on a fourth 5 mw site has commenced. Two of the four sites, West End Farm and Canewdon, can each be extended by another 5 mw under the so-called Community Interest Company (CIC) scheme. A Community Interested Company (CIC) must donate two thirds of its profit to charity. Construction of these two sites is planned to get underway in the first half of 2016. They have already achieved feed-in tariff pre-accreditation, as the CIC scheme allows for later grid connection.

Wind in Germany

In Germany, European Energy is constructing onshore wind turbines customised for the different wind speeds at different sites. At the Vetschau site, European Energy is installing turbines specially developed to optimise output from low-wind regions and thus help increase the overall number of sites to be utilised for wind power production. In 2015 European Energy completed construction of a wind turbine with a total capacity of 2 mw.

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Moreover, we are currently installing eight wind turbines with a total capacity of almost 21 mw on various sites.

Maldives

Nordic Power Partners (NPP), a joint venture between European Energy and the Danish Climate Investment Fund, aims to develop solar and wind projects in developing countries and emerging markets, where between 25% and 30% of inhabitants have no access to electricity. In the Maldives, NPP has successfully built a rooftop solar PV power station under the Nordic Power Partnership.

Creating opportunities

We aim to create a broad range of future investment opportunities by growing our geographically and technologically diverse portfolio of development projects. The portfolio grew from 2,700 mw in 2014 to 2,975 mw by the end of 2015. Our main development markets are now Denmark, Germany and Sweden, and the projects comprise solar as well as onshore, nearshore and offshore wind projects.

We anticipate that 2016 will be another busy year, with construction on many of the projects in our development portfolio already in progress and new projects in the pipeline. Solar projects, for instance, take less time to develop than wind projects, so we may well find new locations or be presented with new solar PV projects in 2016 and still complete their construction before the year ends.

Responsibility

By providing people with clean, cheap energy, European Energy helps to fight climate change and supports the creation of healthy, liveable cities. Since 2004, European Energy has developed 86 wind and solar farms producing more electrical power than an average Danish coal-fired power plant. When old wind turbines are repowered with more effective turbines, the old turbines are installed in new markets to help replace harmful coal-fired plants with renewable energy.

A review of European Energy's position on corporate social responsibility according to section 99a and section 99b of the Danish Financial Statements Act is available at European Energy's website http://europeanenergy.dk/fileadmin/ee_files/Investor_Relations_Material/Corporate_Social_Responsibility_according_to_Section_99A_at_YE_2015.pdf

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Corporate governance

A description of the internal control and risk management system relating to section 107b, 2, of the Danish Financial Statements Act is available at European Energy's website http://europeanenergy.dk/fileadmin/ee_files/Investor_Relations_Material/Reporting_according_to_Section__107b_2_no.6_YE2015.pdf

Significant Events after the Annual Reporting Period and Outlook for 2016

There has not been any significant events after the end of the last annual reporting period which remarkably will change the expectation to the 2015 results.

Outlook for 2016

In terms of revenue and profit we expect our performance in 2016 to resemble that of 2015.

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Financial risk management objectives and policies

The Groups objectives and policies are unchanged from last year.

The main purpose of the Groups financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group also enters into derivative transactions. The Group is exposed to market risk, credit risk, liquidity risk and also political risks that can effect the Groups earnings. Group management oversees the management of these risks, including overseeing that the Group's financial risk activities are governed by the policies and procedures outlined by Management and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees on policies for managing each of these risks, which are summarised below.

Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits and derivative financial instruments.

The Credit risks are described below.

Foreign currency risks

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates.

The Group is exposed to currency risk to the extent that transactions are denominated in a different currency than the functional currency. Except from the parent company, all foreign entities' transactions are generally denominated in local currency which is also the foreign entities' functional currency. Consequently, the Group is only exposed insignificantly to foreign currency risks.

The Group is exposed to translation risk from translating the results and financial position of foreign entities into the Group's presentation currency. Currency exposures from net investments in foreign entities are not being hedged. Currency rate adjustments related to the translation into the Group's presentation currency are recognised in other comprehensive income.

The Group's foreign entities are exposed to currency risk to the extent that income and costs are not settled in the functional currency of the individual entity. The foreign entities are primarily exposed to fluctuations in GBP and PLN compared to EUR.

The Group is exposed to currency risk to the extent that transactions are denominated in a different currency than the functional currency. Except from the parent company, all foreign entities' transactions are generally denominated in local currency which is also the foreign entities' functional currency.

Consequently, the Group is only exposed insignificantly to foreign currency risks.

The Group is exposed to translation risk from translating the results and financial position of foreign entities into the Group's presentation currency. Currency exposures from net investments in foreign entities are not being hedged.

Management's review

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Exchange rate adjustments related to the translation into the Group's presentation currency are recognised in other comprehensive income.

The Group's foreign entities are exposed to currency risk to the extent that income and costs are not settled in the functional currency of the individual entity. The foreign entities are primarily exposed to fluctuations in GBP and PLN compared to EUR.

Liquidity risk

The Group monitors its risk of a shortage of funds by means of a liquidity planning tool.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and bonds issue. The Management assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available.

The Group is financed primary through issued unsecured bonds with a floating rate and a final maturity date in March 2018. The bond has a total framework amount of EUR 60m of which EUR 45 million was issued in the first tranche on the request of European Energy. The bond are listed at NASDAQ, Stockholm. In 2008, the Group issued own bond series with a total nominal value of EUR 7.6 million. The issued bonds carry variable interest of

4-11% per year. The interest rate is dependent on the energy generation in certain German wind parks.

Before year end 2016 the management expects to decide how the bonds will be refinanced in 2018. The Group finances a large part its activities through non-recourse financing with financial institutions. Typically the loans are serial loans with a fixed interest rate for the first 10 years of the financing period. The loans are governed by covenants which the Group monitor closely to ensure compliance with the loan agreements.

Interest rate risks

Interest rate risk is the risk that increases in the interest rates that may harm the profitability of individual projects because the majority of the project sum is debt-funded. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. To manage this, the Group enters into interest rate swaps, in which it agrees to currency, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

Bond loans

In 2008, the Group issued own bond series with a total nominal value of EUR 7.6 million. The issued bonds carry variable interest of 4-11% per year. The interest rate is dependent on the energy generation in certain German wind parks.

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In 2014, the Group issued own bond series with a total nominal value of EUR 45 million. The issued bonds carry variable interest based upon a fixed spread and a variable part related to the Euribor. The bonds have a 4 year lifecycle and are listed for trade on Nasdaq, Stockholm.

Political risks

The Company's investment calculations are based on the laws and settlement terms applying at the time when the individual investment is decided. If the preconditions change at a later time as a result of political decisions, this could impact the profitability of the individual investment. This applies to the solar projects in Spain where subsidization takes place by way of guaranteed tariffs for the life of the project.

Management's review

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Use of judgements and estimates

In preparing the consolidated and separate financial statement, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amount of assets, liabilities, income and expenses. Actual result may differ from these estimates.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated and separate financial statements is explained below:

Revenue recognition

Revenue is primarily earned from the projecting of wind and solar power generating assets, management and servicing of wind and solar power generating assets and sale of electricity. When divesting wind and solar power generating assets under construction 90% of the value is recognised in the

profit and loss when a) all permits are in place, b) all financing are in place,

c) the delivery of the wind or solar power generating asset has been confirmed and finally d) the Share Purchase Agreement SPA) with no significant Conditional Precedent's (CP's) has been signed by both parties. The level of income recognition is in accordance with how and when the project value is created. The remaining 10% will be recognised in the profit and loss during the construction phase with European Energy as construction supervisor. Energy farm projects are from a risk management perspective structured in SPV's – special purposes vehicles. When divesting shares in a SPV the net profit is recognised as revenue based on an assessment of the nature of the divestment.

Assessment of classification - whether the Group has control, significant influence or joint control

To have control over an investee, the company must have all of the following:

- a) power over the investee;
- b) exposure, or rights, to variable returns from its involvement with the investee; and
- c) the ability to use its power to affect the amount of its returns.

The assessment of control is based on the company's actual ability to direct the activities of the Farm rather than the legal form of the ability. Consequently, the determination of whether EE has substantive rights over the Farm does not distinguish between rights arising from EE as a shareholder of the Farm or as an operator.

Management's review

Operating review

In certain circumstances, the decision-making rights over the investee is delegated to a general partner. Particular focus is made in respect of assessing control over an investee. When European Energy is acting as commercial manager under a CMA (commercial management agreement), European Energy assess whether it is using the power provided under the CMA for its own benefit (European Energy has control); or if they are merely using this power for the benefit of other investors (European Energy is acting as agent).

The classification of a joint arrangement under IFRS 11 depends on the rights and obligations of the parties arising from the arrangement in the normal course of business. Key factors that are considered relate to whether the investors have the direct rights to the output (assets) and obligation for the liabilities of the wind / solar farm. When analysing other facts and circumstances that could affect the classification the following critical factors are considered: whether there are co-investors allocating their share of the output to the utility company or if they are only entitled to a net cash flow and if the Wind Farm solely is reliant on the partners for financing.

Assumptions and estimation uncertainties

When preparing the consolidated financial statements of the Group, management makes a number of accounting estimates and assumptions which form the basis of recognition and measurement of the Group's assets and liabilities.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year

ending 31 December 2015 is explained below:

Impairment test property, plant and equipment

The key assumptions supporting recoverable amounts especially comprise discount rate (WACC) and expectations to future production and unit prices.

Project port folio

Project port folio, comprising energy farm projects under development, under construction and completed projects are initially measured at cost.

An impairment test is performed on the carrying amount.

The impairment test is based on assumptions regarding strategy, market conditions, discount rates and budgets etc., after the project has been completed and production has commenced. If market-related assumptions etc., are changed, projects may have to be written down. Management examines and assesses the underlying assumptions when determining whether the carrying amount should be written down.

Write down for bad debt losses on receivables

Receivables are measured at amortised cost less write-down for expected bad debt losses. European Energy performs write-downs for expected bad debt losses based on an individual assessment of each receivable. If a customer's financial condition deteriorates, and thus its ability to meet the financial obligation to European Energy, further write-downs may be required in future periods. In assessing its adequacy of write-downs for bad debt losses, Management specifically analyses receivables, including doubtful debts, concentrations of credit risk, credit ratings, current economic conditions and changes in customers' payment terms.

Management's review

Operating review

On the basis of actual losses incurred in the latest three years, uncertainties associated with write-down for bad debt losses are considered limited.

Provisions, contingent liabilities and contingent assets

The Company's Management assesses provisions, contingent assets and contingent liabilities and the likely outcome of pending or threatened lawsuits on an ongoing basis. The outcome depends on future events that are by nature uncertain. In assessing the likely outcome of lawsuits and tax disputes etc., Management bases its assessment on external legal assistance and precedent.

Tax

Uncertainties exist with respect to the interpretation of tax regulations in the different countries in which the Group operates, changes in tax law, and the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could potentially cause adjustments to tax income and expense already recorded. Deferred tax assets are reviewed annually by the Management and recognised only to the extent considered as sustainable in the future considering the timing and the level of future taxable profits together with future tax planning strategies of the Group.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Accounting policies

The annual report of European Energy Holding ApS has been prepared in accordance with the provisions applying to reporting class C (big) enterprises under the Danish Financial Statements Act.

The Group has chosen to present the annual report in Euro (EUR).

At 31 December 2015, the EUR/DKK rate was 7.46 (31 December 2014: 7.44).

The accounting policies used are, with the exception of goodwill, consistent with those of last year. The goodwill related to investments in 2 Polish companies has according to DK GAAP now been reclassified to project portfolio.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Group and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the interim financial statements that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned. Equally, costs incurred to generate the period's earnings are recognised, including depreciation, amortisation, impairment and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

Foreign currency translation

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

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised in the income statement as financial income or financial expenses.

Non-current assets acquired in foreign currencies are translated at the exchange rate at the transactions date.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Accounting policies

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised as other receivables or other payables in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously recognised in equity are recognised in the income statement in the period in which the hedged item affects the profit/loss for the year.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement on a regular basis.

Consolidated financial statements

The consolidated financial statements comprise the parent company, European Energy Holding ApS, and subsidiaries in which European Energy Holding ApS directly or indirectly holds more than 50% of the voting rights or which it, in some other way, controls. Enterprises in which the Group holds between 20% and 50% of the voting rights and over which it exercises significant influence, but which it does not control, are considered associates.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets or liabilities at the acquisition date.

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated income statement until the date of disposal. The comparative figures are not adjusted for acquisitions or disposals.

Acquisitions of enterprises are accounted for using the purchase method, according to which the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. Provision is made for costs related to adopted and announced plans to restructure the acquired enterprise in connection with the acquisition. The tax effect of the restatement of assets and liabilities is taken into account.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Accounting policies

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill), including restructuring provisions, is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset, not exceeding 20 years.

Non-controlling interests

In the consolidated financial statements, the items of subsidiaries are recognised in full. The non-controlling interests' proportionate shares of the subsidiaries' results and equity are adjusted annually and recognised separately in the income statement and balance sheet.

Income statement

Revenue

The Group has the following income-generating activities:

- Disposal of energy projects
- Disposal of solar and wind farms
- Sale of electricity
- Sale of services

Disposal of energy projects and solar and wind farms

Revenue from the disposal of energy projects and solar and wind farms is recognised in the income statement provided that the sales agreement has been entered before year end and provided that the approvals required to carry through the project have been obtained and no uncertainty in regard to the buyer's performance of the agreement exists. Further, it is a condition that the income can be reliably measured and is expected to be received.

For business and structure purposes, energy projects and solar and wind farms are placed in independent legal entities, and consequently, disposal of energy projects, solar and wind farms is made by full or partial transfer of equity investments, etc., in underlying legal entities. The net selling price of the equity investments disposed of, etc., is recognised as revenue.

Sale of electricity

Revenue from the sale of electricity is recognised in the income statement at the amount paid by the purchaser as the electricity is generated and supplied to the purchaser's network provided that the electricity generation has taken place before year end and that the income can be reliably measured and is expected to be received. Revenue is measured ex. VAT and taxes charged on behalf of third parties.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Accounting policies

Sale of services

Revenue from the sale of services is recognised in the income statement as the services are provided and in accordance with agreements entered into. Revenue is measured ex. VAT and taxes charged on behalf of third parties.

Direct costs

Direct costs comprise costs incurred in generating the revenue for the year.

On disposal of energy projects and solar and wind farms placed in independent legal entities, direct costs comprise the carrying amount of the equity investments disposed of, etc., plus costs directly related to the disposal.

In addition, direct costs comprise operating costs related to constructed energy plants.

Staff costs

Staff costs comprise wages and salaries, remuneration, pensions and other costs regarding the Company's employees, including members of the Executive Board.

Other external costs

Other external costs comprise administrative expenses.

Depreciation and amortisation

Depreciation and amortisation comprise depreciation on property, plant and equipment and amortisation of intangible assets as well as gains and losses on the disposal of other non-current assets than energy projects and wind and solar energy farms.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit for the year

The parent company is subject to the Danish rules on joint taxation of the Group's Danish companies.

The parent company is the administrative company under the joint taxation and accordingly pays all corporation taxes to the tax authorities.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Accounting policies

On payment of joint taxation contributions, the current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carryforwards receive joint taxation contributions from companies that have used these losses to reduce their own taxable profits (full absorption).

Tax for the year comprises tax on profit for the year, joint taxation contributions for the year and changes in deferred tax, including changes as a result of a change in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to changes directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

Project portfolio

The project portfolio comprises projects in progress within development and construction of renewable wind and solar farms. The projects can be categorised as follows:

- Projects under development
- Projects under construction

Projects under construction are transferred to property, plant and equipment, when the plant is put into commercial operation.

Project portfolios are measured at the lower of cost and net realisable value.

Projects under development

Projects under development comprise projects for which construction has not yet been commenced.

Cost comprises direct and indirect costs incurred in respect of development of projects, including interest in the project period.

On disposal of projects under development, the net selling price of the project is recognised in the income statement as revenue, and the carrying amount of the projects is recognised in the income statement as direct costs.

Projects under construction

Projects under construction comprise projects for which construction has begun but has not yet been completed.

Cost comprises costs incurred in the development phase (projects under development) and costs in relation to the construction phase, which comprises direct and indirect costs for

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Accounting policies

Subcontractors, project management and financing as well as interest in the construction period.

On disposal of projects under construction, the net selling price of the project is recognised in the income statement as revenue, and the carrying amount of the projects is recognised in the income statement as direct costs.

Property, plant and equipment

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Wind energy farms	25 years
Solar energy farms	40 years
Tools and equipment	3-5 years

On disposal of wind energy farms and solar energy farms, the net selling price of the energy farm is recognised in the income statement as revenue and carrying amount of the assets is recognised in the income statement as direct costs.

Gains or losses on disposal of tools and equipment are recognised in the income statement as depreciation.

Investments in subsidiaries and associates

Income statement

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement after full elimination of intra-group profits/losses and less amortisation of goodwill.

The proportionate share of the results after tax of associates is recognised in the income statement after elimination of the proportionate share of intra-group profits/losses and less amortisation of goodwill.

Balance sheet

Investments in subsidiaries and associates are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the parent company's accounting policies minus or plus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the purchase method.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Accounting policies

Subsidiaries and associates with negative net asset value are measured at EUR 0 (nil), and any amounts owed by such enterprises are written down by the parent company's share of the net asset value if the amount owed is deemed irrecoverable. If the negative net asset value exceeds the amounts owed, the remaining amount is recognised under provisions if the parent company has a legal or a constructive obligation to cover the subsidiary's deficit.

Net revaluation of investments in subsidiaries and associates is transferred to the reserve for net revaluation in equity according to the equity method to the extent that the carrying amount exceeds cost.

Enterprises acquired or formed during the year are recognised in the financial statements from the date of acquisition or formation. Enterprises disposed of are recognised up to the date of disposal.

On disposal of subsidiaries and associates containing energy projects or wind and solar energy plants, the net selling price of the equity investments is recognised in the income statement as revenue, and the carrying amount of the equity investments is recognised in the income statement as direct costs.

Gains or losses on disposal of other subsidiaries and associates are stated as the difference between the sales amount and the carrying amount of net assets at the date of disposal plus anticipated disposal costs. These gains and losses are recognised as a separate line item in the income statement.

Other investments

Other investments recognised under non-current assets are measured at fair value. Other investments are recognised at cost if the fair value cannot be determined reliably. If cost exceeds the net realisable value, write-down is made to this lower value.

Impairment of assets

The carrying amount of intangible assets, property, plant and equipment and investments is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

When there is an indication of impairment, each asset or a group of assets is impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net income from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Accounting policies

Receivables

Receivables are measured at amortised cost. Write-down is made for expected losses at the net realisable value.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Equity – dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

In accordance with the joint taxation rules, as administrative company, the parent company assumes the liability for payment to the tax authorities of the Group's corporation taxes as the joint taxation contributions are received.

Payable and receivable joint taxation contributions are recognised under balances with group companies.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Accounting policies

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year. Pursuant to section 86(4) of the Danish Financial Statement Act, information on the cash flow statement for the parent company has been omitted.

Cash flows from operating activities

Cash flows from operating activities are calculated as the profit for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities which are subject to an insignificant risk of changes in value.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Income statement

EUR'000	Note	Consolidated		Parent company	
		2015	2014	2015	2014
Revenue	1	58,799	62,947	0	2,789
Direct costs		-37,973	-44,115	0	-1
Gross profit		20,826	18,832	0	2,788
Other income		269	0	0	0
Staff costs	2	-5,780	-3,831	0	0
Other external costs		-2,076	-1,908	-3	17
Depreciation, amortisation and impairment losses	7	-1,495	-1,459	0	0
Operating profit/loss		11,744	11,634	-3	2,805
Profit from subsidiaries	9	0	0	4,873	2,637
Profit from associates	9	1,713	494	0	0
Financial income	3	3,787	699	436	7
Financial expenses	4	-6,697	-6,241	-441	-345
Profit before tax		10,547	6,586	4,865	5,104
Tax on profit for the year	5	-4,310	-385	-9	71
Profit for the year		6,237	6,201	4,856	5,175
Non-controlling interests' share of profit for the year	15	-1,381	-1,026	0	0
The Group's share of profit for the year		4,856	5,175	4,856	5,175

Proposed profit appropriation

Net revaluation according to the equity method		4,873	2,637
Retained earnings		-17	2,538
		4,856	5,175

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Balance sheet

EUR'000	Note	Consolidated		Parent company	
		2015	2014	2015	2014
ASSETS					
Non-current assets					
Intangible assets					
Project portfolio	6	41,507	12,985	0	0
		<u>41,507</u>	<u>12,985</u>	<u>0</u>	<u>0</u>
Property, plant and equipment					
Wind energy farms	7	382	406	0	0
Solar energy farms		62,515	48,247	0	0
Tools and equipment		112	47	0	0
		<u>63,009</u>	<u>48,700</u>	<u>0</u>	<u>0</u>
Investments					
Investments in subsidiaries	8	0	0	47,399	42,565
Investments in associates	9	18,943	16,388	0	0
Other investments	10	3,505	3,614	0	180
Receivables from subsidiaries	11	0	0	0	235
Receivables from associates	11	9,233	4,590	0	0
Trade receivables	12	9,047	6,689	0	0
Other receivables	13	10,599	11,906	2,965	2,789
		<u>51,327</u>	<u>43,187</u>	<u>50,364</u>	<u>45,769</u>
Total non-current assets		<u>155,843</u>	<u>104,872</u>	<u>50,364</u>	<u>45,769</u>
Current assets					
Receivables					
Trade receivables	12	46,476	63,532	0	0
Deferred tax asset	16	4,645	5,940	406	429
Other receivables		5,918	3,463	0	0
Prepayments		1,810	636	0	0
		<u>58,849</u>	<u>73,571</u>	<u>406</u>	<u>429</u>
Cash at bank and in hand		<u>12,326</u>	<u>13,159</u>	<u>1</u>	<u>2</u>
Total current assets		<u>71,175</u>	<u>86,730</u>	<u>407</u>	<u>431</u>
TOTAL ASSETS		<u>227,018</u>	<u>191,602</u>	<u>50,771</u>	<u>46,200</u>

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Balance sheet

EUR'000	Note	Consolidated		Parent company	
		2015	2014	2015	2014
EQUITY AND LIABILITIES					
Equity	14				
Share capital		17	17	17	17
Reserve for net revaluation according to the equity method		0	0	45,038	40,198
Retained earnings		39,688	34,874	-5,350	-5,324
Total equity		<u>39,705</u>	<u>34,891</u>	<u>39,705</u>	<u>34,891</u>
Non-controlling interests	15	<u>16,412</u>	<u>14,681</u>	<u>0</u>	<u>0</u>
Provisions					
Deferred tax	16	<u>1,735</u>	<u>1,094</u>	<u>0</u>	<u>0</u>
Liabilities other than provisions					
Non-current liabilities other than provisions	17				
Liabilities related to the issue of bonds		52,040	51,750	0	0
Credit institutions, project financing		55,780	32,567	0	0
Amount owed to subsidiaries		0	0	10,760	11,007
Other debt relating to the acquisition of companies		4,275	1,991	0	0
		<u>112,095</u>	<u>86,308</u>	<u>10,760</u>	<u>11,007</u>

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Balance sheet

EUR'000	Note	Consolidated		Parent company	
		2015	2014	2015	2014
Current liabilities other than provisions					
Credit institutions	17	6,759	3,898	0	0
Other debt relating to the acquisition of companies	17	4,720	5,534	0	0
Trade payables		29,934	35,011	306	302
Payables to associates		408	57	0	0
Corporation tax		1,866	1,551	0	0
Other payables		13,384	8,577	0	0
		<u>57,071</u>	<u>54,628</u>	<u>306</u>	<u>302</u>
Total liabilities other than provisions		<u>169,166</u>	<u>140,936</u>	<u>11,066</u>	<u>11,309</u>
TOTAL EQUITY AND LIABILITIES		<u>227,018</u>	<u>191,602</u>	<u>50,771</u>	<u>46,200</u>
Mortgages and collateral	18				
Contractual obligations and contingencies, etc.	19				
Related party disclosures	20				

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Cash flow statement

EUR'000	Note	Consolidated	
		2015	2014
Operating profit		11,744	11,634
Adjustment for non-cash operating items, etc.:			
Depreciation, amortisation, etc.	21	6,294	1,791
Cash generated from operating activities before changes in working capital		18,038	13,425
Change in receivables		12,375	-42,981
Change in debt etc.		-2,040	29,744
Cash generated from operations before financial items		28,373	188
Interest, etc., received		3,787	699
Interest, etc., paid		-6,291	-6,241
Cash generated from operations before tax		25,869	-5,354
Corporation tax paid		-2,203	-807
Cash flows from operating activities		23,666	-6,161
Acquisition of project portfolio		-33,232	-9,813
Acquisition of property, plant and equipment		-18,225	-5,563
Acquisition of investments and securities		0	-919
Disposal of subsidiaries, associates and investments		1,847	12,977
Changes in long-term loans to associates and parent company		-4,643	-1,332
Dividends received		88	0
Cash flows from investing activities		-54,165	-4,650
Proceeds from new loans		33,960	44,496
Changes in long-term debt to credit institutions		2,860	-6,706
Changes in short-term debt to credit institutions		-7,505	-19,263
Changes in payables to associates		351	-56
Minority shareholders' share of capital increase in subsidiary		0	389
Cash flows from financing activities		29,666	18,860
Cash flows for the year		-833	8,049
Cash and cash equivalents at 1 January		13,159	5,110
Cash and cash equivalents at 31 December		12,326	13,159

The cash flow statement cannot be directly derived from the other components of the consolidated and parent company financial statements.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Balance sheet

Notes

Note 1

Segment information

Segment information has been prepared in accordance with the Group accounting policies. Segment income and segment costs as well as segment assets and liabilities comprise those items that can be directly attributed to each individual segment on a reliable basis.

2015			Total before elim.	EUR'000	
	Wind	Solar		Elim.	Group
Sale of energy farms and projects	20,423	15,986	36,409	-	36,409
Sale of electricity	186	5,635	5,821	-	5,821
Construction	7,480	6,281	13,761	-	13,761
Asset management & other fees	1,434	1,374	2,808	-	2,808
Revenue to external customers	29,523	29,276	58,799	-	58,799
Inter-segment revenue	4,740	557	5,297	-5,297	-
Revenue	34,263	29,833	64,096	-5,297	58,799
2014			Total before elim	EUR'000	
	Wind	Solar		Elim.	Group
Sale of energy farms and projects	11,389	43,002	54,391	-	54,391
Sale of electricity	627	5,983	6,610	-	6,610
Construction	584	0	584	-	584
Asset management & other fees	1,306	56	1,362	-	1,362
Revenue to external customers	13,906	49,041	62,947	-	62,947
Inter-segment revenue	2,345	255	2,600	-2,600	0
Revenue	16,251	49,296	65,547	-2,600	62,947

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Balance sheet

Geographic information

Revenue (consolidated)

<i>Consolidated</i>	<i>2015</i>	<i>2014</i>
<i>Denmark</i>	<i>43,647</i>	<i>9,958</i>
<i>Northern/central Europe</i>	<i>9,896</i>	<i>46,999</i>
<i>Southern Europe</i>	<i>5,256</i>	<i>5,990</i>
<i>Total revenue</i>	<i>58,799</i>	<i>62,947</i>

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Balance sheet

Note 2 Staff costs EUR'000	Consolidated	
	2015	2014
Wages and salaries	5,409	3,569
Pensions	39	28
Other social security costs	59	49
Other staff costs	273	185
	<u>5,780</u>	<u>3,831</u>
Average number of employees	<u>53</u>	<u>46</u>

Pursuant to section 98b(3)(ii) of the Danish Financial Statements Act, information on remuneration of the Executive Board has been omitted.

Audit fees	(KPMG)	(EY)
Statutory audit	188	223
Other services	0	160
	<u>188</u>	<u>383</u>

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Balance sheet

EUR'000	Consolidated		Parent company	
	2015	2014	2015	2014
3 Financial income				
Interest income, bank	1	0	0	0
Interest income, group enterprises and associates	513	119	0	0
Interest income, bonds	69	3	69	0
Dividends, other investments	88	0	0	0
Exchange gains	1,965	20	0	0
Other financial income	1,151	557	367	7
	<u>3,787</u>	<u>699</u>	<u>436</u>	<u>7</u>
4 Financial expenses				
Interest expense, banks	2,616	2,654	0	0
Interest expense, subsidiaries and associates	23	2	324	345
Interest expense, corporate bonds	3,742	2,979	0	0
Exchange losses	82	595	1	0
Other financial expenses	234	11	116	0
	<u>6,697</u>	<u>6,241</u>	<u>441</u>	<u>345</u>
5 Tax on profit for the year				
Tax on profit for the year	719	473	0	0
Change in deferred tax	1,966	-166	24	-71
Adjustment to tax relating to previous years	1,625	78	-15	0
	<u>4,310</u>	<u>385</u>	<u>9</u>	<u>-71</u>

The adjustment made regarding previous years is related to a tax audit for the years 2006-2009 in Germany. The audit has been ongoing for 3 years, and the Group has been in negotiations with the German tax authorities regarding the proposed changes to the income for the German subsidiaries' for these years. The total tax charge with interest for eight years ended however substantially higher. The changes made to the income relate to the fact that the German tax authorities do not accept double tax treaty between Denmark and Germany.

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Balance sheet

6 Project portfolio

EUR'000	Consolidated	
	2015	2014
Project portfolio at 1 January	15,481	14,993
Transferred to associates	0	-1,825
Additions for the year	61,643	13,483
Disposals for the year	-28,385	-11,170
Project portfolio at 31 December before value adjustments	48,739	15,481
Value adjustments at 1 January	-2,695	-2,878
Value adjustments during the year	-4,537	182
Value adjustments at 31 December	-7,232	-2,696
Total project portfolio at 31 December	41,507	12,785
The project portfolio at 31 December comprises:		
Projects under development	9,584	12,785
Projects under construction	31,923	0
Total project portfolio at 31 December	41,507	12,785
Wind energy farms	35,366	10,630
Solar energy farms	6,141	2,155
Total project portfolio at 31 December	41,507	12,785
Impairment losses	-7,232	-2,696

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Balance sheet

7 Property, plant and equipment

Consolidated

EUR'000	Wind energy farms	Solar energy farms	Tools and equipment	Total
Cost at 1 January 2015	635	56,825	703	58,163
Additions for the year	0	18,127	97	18,224
Disposals for the year	0	-2,484	0	-2,484
Cost at 31 December 2015	635	72,468	800	73,903
Depreciation and impairment losses at 1 January 2015	-229	-8,578	-656	-9,463
Depreciation for the year	-25	-1,437	-33	-1,495
Disposals for the year	1	62	1	64
Depreciation and impairment losses at 31 December 2015	-253	-9,953	-688	-10,894
Carrying amount at 31 December 2015	382	62,515	112	63,009
Depreciated over	25 years	40 years	3-5 years	

8 Investments in subsidiaries

EUR'000	Parent company	
	2015	2014
Cost at 1 January	2,367	2,369
Disposals for the year	-5	-2
Cost at 31 December	2,362	2,367
Value adjustments at 1 January	40,198	38,491
Share of profit for the year	4,873	2,637
Hedges, net of tax	86	-250
Disposals for the year	7	0
Other value adjustments	-127	-680
Value adjustments at 31 December	45,037	40,198
Carrying amount at 31 December	47,399	42,565

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8 Investments in subsidiaries (continued)

Investments in subsidiaries at 31 December 2015 comprise:

EUR'000	Ownership interest at 31/12 2014	Share of profit/loss for the year	Share of equity
Name and registered office			
European Energy A/S, Denmark	76.00%	4,892	46,586
European Solar Farms A/S, Denmark	13.88%	-19	813
		<u>4,873</u>	<u>47,399</u>

9 Investments in associates

Consolidated

EUR'000	2015	2014
Cost at 1 January	15,138	11,833
Transferred from other investments	0	425
Additions for the year	1,053	3,471
Disposals for the year	-46	-591
Cost at 31 December	<u>16,145</u>	<u>15,138</u>
Value adjustments at 1 January	1,250	1,659
Profit for the year	1,713	494
Reversed value adjustments on disposal	-51	-254
Other adjustments	-114	-649
Value adjustments at 31 December	<u>2,798</u>	<u>1,250</u>
Carrying amount at 31 December	<u>18,943</u>	<u>16,388</u>

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Investments in associates (continued)

Investments in associates at 31 December 2015 comprise:

EUR'000	Ownership interest	Share of profit/loss for the year	Share of equity
Name and registered office			
Wriezener Höhe GmbH & Co. KG., Germany*	15.00%	509	1,067
EEA Renewables A/S, Denmark	50.00%	-8	1,482
EEGW Persano ApS, Denmark	50.00%	1	599
European Energy Sales & Adm. ApS, Denmark	22.60%	0	0
EWf Fünf Eins GmbH & Co. KG, Germany	25.00%	31	841
EWf Fünf Vier GmbH & Co. KG, Germany	50.00%	49	465
Windpark Hellberge GmbH & Co KG, Germany	50.00%	22	651
EE Sieben Null GmbH & Co. KG, Germany	50.00%	15	509
EEA Verwaltungs GmbH, Germany	50.00%	3	30
EEA Stormy ApS, Denmark	50.00%	515	1,617
EEA SWEPOL A/S, Denmark	50.00%	-41	1,531
WK Ottenhausen GmbH & Co. KG., Germany	34.21%	133	1,730
EE Sieben Zwei GmbH & Co. KG, Germany	50.00%	31	186
EE Sieben Drei GmbH & Co. KG, Germany	50.00%	48	58
EE Repowering GmbH & Co. KG, Germany (liquidated)	0%	-2	0
Wind Energy OOD, Bulgaria	49.00%	20	622
Wind Power 2 OOD, Bulgaria	49.00%	27	571
Wind Stream OOD, Bulgaria	49.00%	26	454
Wind Systems OOD, Bulgaria	49.00%	24	520
Driftsselskabet Heidelberg ApS, Denmark	49.50%	580	-2,745
EWf Eins Sieben GmbH & Co. KG, Germany	50.00%	32	428
Windpark Unseburg Nord GmbH & Co. Betriebs KG, Germany	20.00%	92	1,265
ESF Spain 0424 GmbH, Germany	20.82%	41	518
Parco Eolico Carpinaccio Srl., Italy	27.00%	86	1,964
Sandvikensvej Infrastrukturselskab ApS, Denmark (sold)	0%	15	0
Jammerland Bay Nearshore A/S, Denmark	50.00%	-16	1,799
Omø South Nearshore A/S, Denmark	50.00%	29	23
Solarpark Vandel ApS, Denmark (sold)	0%	45	0
Solarpark Vandel GmbH, Germany	50.00%	-1	12
Måde Wind Park ApS, Denmark	49.00%	-3	627
Windpark Münchsroth Betriebsgesellschaft GmbH, Germany	49.00%	0	12
Energy 3 DOO, Bulgaria	50.00%	-10	-10
Västanby Vindbruksgrupp 1 Fjellie AB, Sweden	40.00%	0	2
		2,293	16,828
Reserve from intra-group gains		0	-630
Adjustment of results of Driftsselskabet Heidelberg ApS**		-580	2,745
		1,713	18,943

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* The company is included as an associated company due to the exercise of significant influence

** The parent company is not liable for the negative equity, and consequently the amount has been reversed.

10 Other investments

EUR'000	Consolidated	Parent company
Cost at 1 January 2015	3,614	180
Additions for the year	71	0
Disposals for the year	-180	-180
Cost at 31 December 2015	3,505	0
Value adjustments at 1 January /31 December 2015	0	0
Carrying amount at 31 December 2015	3,505	0

11 Receivables from associates

Non-current receivables are attributable to the financing of project development in associates. No specific conditions for repayment of outstanding balances have been agreed.

12 Trade receivables

EUR'000	Consolidated	
	2015	2014
Trade receivables, non-current portion	9,047	6,689
Trade receivables, current portion	46,476	63,532
	55,523	70,221

Out of this amount EUR 800 thousand (2014: 876) is expected to be recovered more than 5 years after the balance sheet date.

13 Other receivables

EUR'000	Consolidated		Parent company	
	2015	2014	2015	2014
Interest-bearing loan to MDP Invest ApS and JPZ Assistance ApS	2,965	2,789	2,965	2,789
Interest-bearing loan to business partner for the acquisition of power generating assets	7,634	9,117	0	0
Total other receivables (non-current assets)	10,599	11,906	2,965	2,789

There are no exact repayment date of loan EUR 2,965 in parent company.

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Balance sheet

14 Equity Consolidated EUR'000	Share capital	Retained earnings	Total
	Equity at 1 January 2015	17	34,874
Profit for the year	0	4,856	4,856
Value adjustments of hedging instruments	0	85	85
Other adjustments	0	-127	-127
Equity at 31 December 2015	17	39,688	39,705

Parent company EUR'000	Share capital	Reserve for net revalua- tion accor- ding to the equity method	Retained earnings	Total
	Equity at 1 January 2015	17	40,198	-5,324
Profit for the year	0	4,873	-17	4,856
Value adjustments of hedging instruments	0	85	0	85
Other adjustments	0	-118	-9	-127
Equity at 31 December 2015	17	45,038	-5,350	39,705

The share capital consists of nom. 125.000 shares of DKK 1 each, corresponding to EUR 17 thousand.

The share capital has remained unchanged for the last 5 years.

15 Non-controlling interests

EUR'000	Consolidated	
	2015	2014
Balance at 1 January	14,681	13,339
Additions for the year	250	450
Disposals for the year	-227	-215
Non-controlling interests' share of profit for the year	1,381	1,026
Non-controlling interests' share of changes in equity	327	81
	16,412	14,681

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Balance sheet

16 Deferred tax

EUR'000	Consolidated		Parent company	
	2015	2014	2015	2014
Deferred tax at 1 January	4,844	4,772	429	410
Change in deferred tax recognised in income statement	-1,966	166	-9	71
Deferred tax on changes in equity	-45	-9	0	-52
Adjustment relating to the disposal of subsidiaries, etc.	77	-85	-14	0
Transferred to joint taxation contribution, etc.	0	0	0	0
	<u>2,910</u>	<u>4,844</u>	<u>406</u>	<u>429</u>
Deferred tax is recognised as follows:				
Deferred tax asset	4,645	5,940	406	429
Deferred tax	<u>-1,735</u>	<u>-1,094</u>	<u>0</u>	<u>0</u>
	<u>2,910</u>	<u>4,846</u>	<u>406</u>	<u>429</u>

Deferred tax is substantially attributable to wind turbine projects in German limited partnerships, solar energy farms in Spain and tax losses carried forward.

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Balance sheet

17 Financial liabilities

Group EUR'000	Debt at 1/1 2015	Total debt at 31/12 2015	Current portion	Non-current portion	Outstanding debt after 5 years
Liabilities related to the issue of bonds	51,750	52,040	0	52,040	52,040
Project financing	35,531	59,319	3,539	55,780	16,848
Other debt to credit institutions	934	3,220	3,220	0	0
Other debt relating to acquisitions of companies	7,525	8,995	4,720	4,275	0
	<u>95,740</u>	<u>123,574</u>	<u>11,479</u>	<u>112,095</u>	<u>68,888</u>

In 2008, the Group issued own bond series with a total nominal value of EUR 7,600 thousand. The issued bonds carry variable interest of 4-11% per year. The interest rate is dependent on the energy generation in certain German wind parks.

In 2014, the Group issued own bond series with a total nominal value of EUR 45,000 thousand. The issued bonds carry variable interests based upon a fixed spread and a variable part related to the Euribor. The bonds has a 4 year lifecycle, and was noted for trade on the OMX Stock Exchange on March 4th 2015.

Parent company

EUR'000					
Amount owed to subsidiaries	<u>11,007</u>	<u>10,760</u>	<u>0</u>	<u>10,760</u>	<u>0</u>

No specific conditions for repayment of outstanding balances with subsidiaries have been agreed.

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Balance sheet

18 Mortgages and collateral

Contingent Liabilities and Other Financial Liabilities

EUR million	Group	Group
	2015	2014
Guarantees related to financing agreements	46	16
Guarantees, warranties and other liabilities related to SPA's	43	25
Guarantees, warranties and other liabilities related to vendor contracts	46	47
Total	135	88

Security for debt

Assets provided as security

Wind and solar energy farms with a carrying amount of EUR 45m (EUR 46m in 2014) are pledged as security for the Group's debt to credit Institutions, etc., a total of Eur 32m, (EUR 35m in 2014). Moreover, investment in associates of EUR 0,5m and specific cash at bank of EUR 1.7m have been provided as collateral.

The Group has provided pledge in shares of local SPV's for the project financing loan of EUR 63m (2014: EUR 39m).

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19 Contractual obligations and contingencies, etc.

The parent company is administrative company for the Danish joint taxation and is jointly taxed with all Danish group companies. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes, etc.

Contingent liabilities

The Group is party in pending lawsuits regarding the Group's current operations. In Management's opinion, the outcome of these lawsuits will not affect the Group's financial position significantly in addition to what has already been recognised in the assets and liabilities in the Group's balance sheet end of period.

Pledges and guarantees

When selling directly owned subsidiaries, the Company provides guarantees to the purchaser, including warranties related to the corporate status of the subsidiary, taxes, environmental matters, etc. The warranties are often provided for a period of 2-5 years. Furthermore, the Company has in some instances provided similar customary guarantees in favour of the purchaser when indirect subsidiaries have been sold. In these cases, the guarantees are provided in addition to similar guarantees provided by the selling subsidiary itself.

The Company has provided security in order to secure certain subsidiaries' financial obligations towards third parties during construction of facilities related to renewable energy projects. Additionally, the Company has also guaranteed for other loans obtained by certain subsidiaries to the extent permitted by the terms and conditions governing the bonds issued by the Company.

A number of the Company's subsidiaries that act as project vehicles (i.e. subsidiaries in which the development and construction of wind farms and PV plants take place) have provided security to their lenders in order to secure their debt. The securities typically include all assets of the company itself (including pledge over the operating assets, reserve accounts, trade receivables (including insurance pay-outs) and VAT receivables, real estate (if any) and right of subrogation into agreements covering the construction and operation of the project, including agreements regarding land leases, cable rights and grid connection). In some cases, the security provided may be less inclusive and only cover a specific asset or asset class.

Contingent assets

A number of Group companies that own solar photovoltaic plants in Spain have dispatched a notice to the Spanish government under Article 26 of the Energy Charter Treaty, requesting the government to settle an alleged breach amicably. Should the dispute not be settled amicably, the Group companies may submit the dispute for resolution in accordance with the Energy Charter Treaty. The size of the claims has not yet been finally established but will likely be in the range of EUR 40–60 million. However, the anticipated financial impact on the Group will be less than the aggregate size of the claims, if the companies are successful, due to the substantial costs associated with arguing the case, which could reach up to 30-40% of the damages awarded. The notice to the Kingdom of Spain regarding the Group's lost revenue due to retroactive changes in the legislative system for solar PV is not recognised as an asset in the balance sheet at the end of the period.

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20 Related party disclosures

Related parties in European Energy Holding ApS include the following:

- Subsidiaries – and associates in European Energy Group
- Board members in European Energy A/S

Ownership:

The following shareholder has controlling interest:

Knud Erik Andersen

Peter Rørdamsvej 30, 2800 Kgs. Lyngby

Related party transactions

In the financial year, the Company has had intercompany balances with subsidiaries and associates. Interest has been paid on an arm's length basis during the financial year.

21 Depreciation, amortisation, etc.

EUR'000	2015	2014
Depreciation, amortisation and impairment losses	1,495	1,458
Write-down of project portfolio, etc.	4,799	333
	<u>6,294</u>	<u>1,791</u>