

DONG VE A/S

## **Annual Report for 2015**

**Kraftværksvej 53, 7000 Fredericia**

**CVR no. 26 51 02 44**

**(14th financial year)**

The annual report was presented and adopted at the annual general meeting of the company on 15/04 2016

---

Ulrik Jarlov

Chairman

# Contents

	<b>Page</b>
<b>Management statement and independent auditor's report</b>	
Statement by the Executive Board and the Board of Directors	2
Independent Auditor's Report	3
<b>Management's review</b>	
Company information	5
Management's review	6
<b>Financial statements</b>	
Accounting policies	7
Income statement 1 January - 31 December	12
Balance 31. december	13
Statement of changes in equity	15
Notes to the financial statements	16

## Statement by the Executive Board and the Board of Directors

The Board of Directors and the Executive Board have today considered and approved the annual report of DONG VE A/S for the financial year 1 January - 31 December 2015.

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

In our opinion, the financial statements give a true and fair presentation of the company's assets, equity and liabilities and financial position at 31 December 2015 and of the results of the company's operations for the financial year 1 January - 31 December 2015.

In our opinion, the management's review provides a true and fair presentation of the matters addressed.

We recommend that the annual report be adopted at the annual general meeting.

Skærbæk, 18 March 2016

### Executive Board

Robert Helms

### Board of Directors

Brent Cheshire  
Chairman

Charlotte Strand  
Deputy Chairman

Benjamin Sykes

## Independent Auditor's Report

*To the Shareholder of DONG VE A/S*

### Report on the Financial Statements

We have audited the Financial Statements of DONG VE A/S for the financial year 1 January - 31 December 2015, which comprise summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The Financial Statements are prepared in accordance with the Danish Financial Statements Act and the Danish Accounting Standard for small enterprises.

#### Management's Responsibility for the Financial Statements

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

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the Financial Statements.

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

Our audit has not resulted in any qualification.

#### Opinion

In our opinion, the Financial Statement gives a true and fair view of the financial position at 31 December 2015 of the Company and of the results of the Company's operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

## **Independent Auditor's Report**

### **Statement on Management's Review**

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, it is our opinion that the information provided in the Management's Review is consistent with the Financial Statements.

Hellerup, 18 March 2016

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
CVR-no.33 77 12 31

Fin T. Nielsen  
State Authorised Public Accountant

Kim Danstrup  
State Authorised Public Accountant

## Company information

### The company

DONG VE A/S  
Kraftværksvej 53  
Skærbæk  
7000 Fredericia

Telephone: +45 99 55 11 11  
Fax: +45 99 55 00 02  
Website: [www.dongenergy.com](http://www.dongenergy.com)

CVR no.: 26 51 02 44  
Financial Period: 1 January - 31 December  
Reg. office: Fredericia

### Board of Directors

Brent Cheshire, Chairman  
Charlotte Strand, Deputy Chairman  
Benjamin Sykes

### Executive Board

Robert Helms

### Auditors

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
2900 Hellerup

### Consolidated Financial Statements

The company is included in the Consolidated Financial Statement of the ultimate parent company, DONG Energy A/S, Fredericia, CVR no. 36 21 37 28

The Annual Report of DONG Energy A/S, Fredericia, CVR no. 36 21 37 28 can be downloaded at the following address:

[www.dongenergy.com](http://www.dongenergy.com)

## Management's review

### Core activity

The company's objects are to engage in activities in the energy sector and ancillary activities.

### Development in the year

The company's income statement for the year ended 31 December 2015 shows a loss of t.kr. 7,740, and the company's balance sheet at 31 December 2015 shows equity of t.kr. 306,252.

### Uncertainty relating to recognition and measurement

Recognition and measurement in the annual report have not been subject to any uncertainty.

### Unusual events

The company's assets, equity and liabilities and financial position at 31 December 2015 and the results of the company operations for the financial year 2015 have not been affected by any unusual events.

### Subsequent events

No events materially affecting the assessment of the annual report have occurred after the balance sheet date.

### Outlook for the coming year

The net result is depending on the financial results of the fixed asset investments. 2016 is expected to be in line with 2015.

## Accounting policies

The Annual Report of DONG VE A/S for 2015 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from previous years.

The Annual Report for 2015 is presented in t.kr.

In accordance with the Danish Financial Statements Act §112, the Company has chosen to omit the consolidated financial statement.

### Recognition and measurement

Revenue is recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to generate the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changed accounting estimates of amounts previously recognised in the income statement.

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost, and subsequently as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less any repayments of principal and plus or minus the cumulative amortisation of any difference between cost and nominal amount. In this way, capital losses and gains are spread over the terms of the assets and liabilities.

Recognition and measurement take into account gains, losses and risks occurring before the presentation of the Annual Report and which confirm or invalidate conditions existing at the balance sheet date.

The measurement currency used is DKK. All other currencies are regarded as foreign currencies.

### Foreign currency translation

Transactions in foreign currencies are translated at the exchange rates applicable at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.



## Accounting policies

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates applicable at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

## Income statement

### Revenue

Revenue, comprises sale of electricity, heat and services, is recognised in the income statement when delivery and transfer of risk to the buyer have taken place before year-end. Revenue is recognised exclusive of VAT and net of any trade discounts.

### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activity of the enterprise.

### Other external expenses

Other external expenses comprise expenses for distribution, sales, advertising, administration, premises, bad debts, operating leases, etc.

### Depreciation, amortisation and impairment losses

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

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financial income and expenses comprise interest income and interest expense, capital gains and capital losses and impairment losses relating to financial assets, realised and unrealised exchange adjustments.

### Income from investments in subsidiaries

Dividends from investments are recognized in the financial years in which the dividend are declared.

## Accounting policies

### Tax on profit/loss for the year

Tax on profit/loss for the year, consisting of current tax for the year and deferred tax for the year, is recognised in the income statement to the extent that it relates to the net profit/loss for the year and directly in equity to the extent that it relates to entries directly in equity. The company is subject to the Danish rules on compulsory joint taxation of the DONG Energy Group's Danish companies, and the ultimate parent company, DONG Energy A/S, has also elected international joint taxation with the Group's foreign subsidiaries. Subsidiaries are included in the joint taxation from the date they are included in the consolidation in the consolidated financial statements and up to the date on which they are no longer included in the consolidation.

The ultimate parent company, DONG Energy A/S, is the administration company for the joint taxation and consequently settles all income tax payments with the tax authorities.

In connection with the settlement of joint taxation contributions, current Danish income tax is allocated among the jointly taxed Danish enterprises in proportion to their taxable income. Further to this, Danish subsidiaries with tax losses receive joint taxation contributions from the parent company equivalent to the tax base of the tax losses utilised (full allocation), while enterprises that utilise tax losses in other Danish enterprises pay joint taxation contributions to the parent company equivalent to the tax base of the utilised losses.

## Balance sheet

### Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at cost. Cost is written down to net realisable value whenever the cost exceeds the net realisable value.

### Other securities and investments, non-current assets

Investments are measured at fair value.

### Impairment of non-current assets

The carrying amounts of investments in subsidiaries are reviewed annually to determine whether there is any indication of impairment.

If there are indications of impairment, an impairment test is carried out for each asset or group of assets. Impairment is made to the lower of the recoverable amount and the carrying amount.

### Receivables

Receivables are recognised at amortised cost, which normally corresponds to nominal value. Provisions for estimated bad debts are made.

## Accounting policies

### Dividends

Proposed dividends are presented as a separate item in equity. Dividends are recognised as a liability at the date of their adoption at the annual general meeting.

### Provisions

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

In measuring provisions, the expenses required to settle the liability are discounted to net present value, if this has a significant effect on the measurement of the liability. A pre-tax discount rate is used that reflects the general interest rate level in society. The change in present values for the financial year is recognised as financial expenses.

Provisions for decommissioning of production assets and restoration are measured at the present value of the future liability in respect of decommissioning and restoration as estimated at the balance sheet date. The amount provided is determined on the basis of existing requirements and estimated expenses, which are discounted to present value. If specific risks are deemed to be attached to a provision, the estimated expenses are recognised. A discount rate is used that reflects the general interest rate level in society. These liabilities are recognised as they arise and are adjusted on a regular basis to reflect changes in requirements, price level, etc. The value of the provision is recognised in property, plant and equipment and depreciated together with the relevant assets. The increase in time of the present value of the provision is recognised in net profit for the year as financial expenses.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. If it is considered unlikely that an outflow from the enterprise of economic resources will be required to settle an obligation, or if the obligation cannot be measured reliably, the obligation is accounted for as a contingent liability that is not recognised in the balance sheet. Material contingent liabilities are disclosed in the notes.

### Current tax and deferred tax

Current tax payable and current tax receivable are recognised in the balance sheet as tax calculated on the taxable income for the year, adjusted for tax on previous years' taxable income and taxes paid on account.

Deferred tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts on the basis of the intended use of the asset and settlement of the liability, respectively.

## Accounting policies

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination against tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Where the tax base can be determined applying alternative tax rules, deferred tax is measured on the basis of the intended use of the asset or settlement of the liability, respectively.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement. For the current year, a tax rate of 22% has been applied.

### Payables

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

## Income statement 1 January - 31 December

	<u>Note</u>	<u>2015</u> t.kr.	<u>2014</u> t.kr.
<b>Revenue</b>		<b>0</b>	<b>6.538</b>
Other operating income	1	0	31.588
Other external expenses		<u>-53</u>	<u>-280</u>
<b>Gross profit</b>		<b>-53</b>	<b>37.846</b>
Depreciation, amortisation and impairment of property, plant and equipment		0	-1.856
Other operating expenses	2	<u>18.666</u>	<u>25.000</u>
<b>Result before financial income and expenses</b>		<b>18.613</b>	<b>60.990</b>
Financial income	3	1.224	1.308
Financial expenses	4	<u>-22.893</u>	<u>-20.400</u>
<b>Result before tax</b>		<b>-3.056</b>	<b>41.898</b>
Tax on profit/loss for the year	5	<u>-4.684</u>	<u>-14.583</u>
<b>Net result for the year</b>		<b><u>-7.740</u></b>	<b><u>27.315</u></b>
Transfer to retained earnings		<u>-7.740</u>	<u>27.315</u>
		<b><u>-7.740</u></b>	<b><u>27.315</u></b>

**Balance 31. december**

	Note	2015 t.kr.	2014 t.kr.
<b>Assets</b>			
Investments in subsidiaries	6	470.500	470.500
Investments in associates	7	1.401	2.323
Other fixed asset investments	8	38.102	62.932
<b>Fixed asset investments</b>		<b>510.003</b>	<b>535.755</b>
<b>Total non-current assets</b>		<b>510.003</b>	<b>535.755</b>
Trade receivables		0	2.779
Receivables from group enterprises		595	73
Deferred tax asset		0	3.930
Corporation tax		833	0
<b>Receivables</b>		<b>1.428</b>	<b>6.782</b>
<b>Total current assets</b>		<b>1.428</b>	<b>6.782</b>
<b>Total assets</b>		<b>511.431</b>	<b>542.537</b>

**Balance 31. december**

	<u>Note</u>	<u>2015</u> t.kr.	<u>2014</u> t.kr.
<b>Liabilities and equity</b>			
Share capital		330.000	330.000
Retained earnings		-23.748	-16.008
<b>Total equity</b>	9	<u><b>306.252</b></u>	<u><b>313.992</b></u>
Other provisions	10	<u>0</u>	<u>19.089</u>
<b>Total provisions</b>		<u><b>0</b></u>	<u><b>19.089</b></u>
Payables to group enterprises	11	<u>205.000</u>	<u>175.000</u>
<b>Non-current debt</b>		<u><b>205.000</b></u>	<u><b>175.000</b></u>
Payables to group enterprises	11	179	20.896
Corporation tax		0	13.502
Other payables		<u>0</u>	<u>58</u>
<b>Current debt</b>		<u><b>179</b></u>	<u><b>34.456</b></u>
<b>Total liabilities other than provisions</b>		<u><b>205.179</b></u>	<u><b>209.456</b></u>
<b>Total liabilities and equity</b>		<u><u><b>511.431</b></u></u>	<u><u><b>542.537</b></u></u>
Contingencies etc.	12		
Related parties and ownership	13		

**Statement of changes in equity**

	<u>Share capital</u> t.kr.	<u>Retained earnings</u> t.kr.	<u>Total</u> t.kr.
Equity at 1 January	330.000	-16.008	313.992
Net profit for the year	<u>0</u>	<u>-7.740</u>	<u>-7.740</u>
<b>Equity at 31 December</b>	<b><u>330.000</u></b>	<b><u>-23.748</u></b>	<b><u>306.252</u></b>



## Notes to the Annual Report

	<u>2015</u>	<u>2014</u>
	t.kr.	t.kr.
<b>1 Other operating income</b>		
Other operating revenues	<u>0</u>	<u>31.588</u>
	<b><u>0</u></b>	<b><u>31.588</u></b>
<p>Other operating revenue in 2014 comprises gain relating to the sale of share of HGS (Hovedstadens Geotermiske Selskab)</p>		
<b>2 Other operating expenses</b>		
Adjustment to decommissioning provision (income)	<u>-18.666</u>	<u>-25.000</u>
	<b><u>-18.666</u></b>	<b><u>-25.000</u></b>
<b>3 Financial income</b>		
Interest received from group enterprises	614	1.308
Other financial income	<u>610</u>	<u>0</u>
	<b><u>1.224</u></b>	<b><u>1.308</u></b>
<b>4 Financial expenses</b>		
Impairment losses on financial assets	19.830	15.208
Interest paid to group enterprises	2.973	5.123
Other financial costs	76	64
Exchange loss	<u>14</u>	<u>5</u>
	<b><u>22.893</u></b>	<b><u>20.400</u></b>

## Notes to the Annual Report

	<u>2015</u>	<u>2014</u>
	t.kr.	t.kr.
<b>5 Tax on profit/loss for the year</b>		
Current tax for the year	-833	13.502
Deferred tax for the year	4.200	-939
Adjustment of tax concerning previous years	1.587	1.544
Adjustment of deferred tax concerning previous years	-270	476
	<u><b>4.684</b></u>	<u><b>14.583</b></u>
<b>6 Investments in subsidiaries</b>		
Cost at 1 January	<u>470.500</u>	<u>470.500</u>
Cost at 31 December	<u>470.500</u>	<u>470.500</u>
<b>Carrying amount at 31 December</b>	<u><b>470.500</b></u>	<u><b>470.500</b></u>

Investments in group enterprises are specified as follows:

<u>Name</u>	<u>Place of registered office</u>	<u>Votes and ownership</u>	<u>Equity</u>	<u>Net profit/loss for the year</u>
			t.kr.	t.kr.
DONG Vind A/S	DK	100%	286.727	-16.989

## Notes to the Annual Report

	2015	2014
	t.kr.	t.kr.
<b>7 Investments in associates</b>		
Cost at 1 January	49.423	50.950
Paid back contribution for the year	-614	-1.527
Cost at 31 December	48.809	49.423
Revaluations at 1 January	-47.100	-34.054
Revaluations for the year, net	-308	-13.046
Revaluations at 31 December	-47.408	-47.100
<b>Carrying amount at 31 December</b>	<b>1.401</b>	<b>2.323</b>

Investments in associates are specified as follows:

Name	Place of registered office	Votes and ownership	Equity	Net profit/loss for the year
			t.kr.	t.kr.
P/S New Energy Solutions	DK	22,05%	6.354	-751

## Notes to the Annual Report

### 8 Fixed asset investments

	Other fixed asset investments t.kr.
Cost at 1 January	67.069
Additions for the year	2.054
Disposals for the year	-7.362
Cost at 31 December	61.761
Revaluations at 1 January	-4.137
Revaluations for the year	-19.522
Revaluations at 31 December	-23.659
<b>Carrying amount at 31 December</b>	<b>38.102</b>

### 9 Equity

The share capital consists of 330,000 shares of a nominal value of t.kr. 1. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

## Notes to the Annual Report

	2015	2014
	t.kr.	t.kr.
<b>10 Other provisions</b>		
Provision at January 1	19.089	51.678
Used during the year	-422	-7.589
Reversals for the year	-18.667	-25.000
	<b>0</b>	<b>19.089</b>
	<b>0</b>	<b>19.089</b>
The provisions are expected to mature as follows:		
Within 1 year	0	19.089
	<b>0</b>	<b>19.089</b>
	<b>0</b>	<b>19.089</b>

Other provisions comprise decommissioning costs for the company's production facilities etc.

## 11 Long term debt

### Payables to group enterprises

Between 1 and 5 years	205.000	175.000
Long-term part	205.000	175.000
Other short-term debt to subsidiaries	179	20.896
Short-term part	179	20.896
	<b>205.179</b>	<b>195.896</b>
	<b>205.179</b>	<b>195.896</b>

## 12 Contingencies etc.

### Contingent liabilities

The Group's Danish companies are jointly and severally liable for tax on the Group's jointly taxed income, etc. references is made to the Annual Report DONG Energy A/S, the company responsible for the administration of the joint taxation arrangement.

The Group's Danish companies are jointly and severally liable for their joint VAT registration.

## Notes to the Annual Report

### 13 Related parties and ownership

**Basis**

---

#### Controlling interest

DONG Energy Wind Power A/S, Kraftsværksvej 53,  
7000 Fredericia. Parent company

#### Other related parties

The Danish state, represented by the Ministry of  
Finance

Goldman Sachs Group

Board of directors, Executive Board, management  
and other companies in the DONG Energy Group

DONG Energy A/S, Kraftværksvej 53, 7000  
Fredericia

Ultimate parent company

#### Ownership

The following shareholders are recorded in the company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

DONG Energy Wind Power A/S