

**NE Holding A/S  
Råensvej 1  
9000 Aalborg  
Central Business Registration No 33371047**

**Annual report 2015**

The Annual General Meeting adopted the annual report on 27.05.2016

**Chairman of the General Meeting**



Name: Anne Svestrup Boysen

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## **Company details**

### **Company**

NE Holding A/S

Central Business Registration No: 33371047

Registered in: Aalborg

### **Board of Directors**

Bo Lynge Rydahl

Ulrik Holm Christensen

### **Executive Board**

Eigild Bødker Christensen

Michael Dreisler

Bjørn Skovhus

Ulrik Holm Christensen

Susanne Dreisler

Bo Lynge Rydahl

Søren Agersbæk Jensen

### **Company auditors**

Deloitte Statsautoriseret Revisionspartnerselskab

Gøteborgvej 18

9200 Aalborg SV

## Statement by Management on the annual report

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

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2015 and of their financial performance as well as the consolidated cash flow for the financial year 1 January to 31 December 2015.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

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

Aalborg, 27 May 2016

### Executive Board

  
Bo Lyngø Rydahl  
Chief Executive Officer

  
Ulrik Holm Christensen  
Chief Executive Officer


### Board of Directors

  
Eigild Bødker Christensen  
Chairman

  
Michael Dreister

  
Bjørn Skovhus

  
Ulrik Holm Christensen

  
Susanne Dreisler

  
Bo Lyngø Rydahl

  
Søren Agersbæk Jensen

## **Independent auditor's reports**

### **To the shareholders of NE Holding A/S**

#### **Report on the consolidated financial statements and parent financial statements**

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

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

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

#### **Auditor's responsibility**

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

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

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

Our audit has not resulted in any qualification.

#### **Opinion**

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2015, and of the results of their operations and cash flows for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

## Independent auditor's reports

### Statement on the management commentary


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

On this basis, it is our opinion that the information provided in the management commentary is consistent with the consolidated financial statements and parent financial statements.

Aalborg, 27 May 2016

### Deloitte

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No 33 96 35 56



Lars Birner Sørensen  
State-Authorised  
Public Accountant

## Management commentary

### Consolidated financial highlights

Amounts in TDKK

<b>Financial highlights</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Income statement</b>				
Revenue	20,376,405	11,211,070	5,815,156	4,654,043
Operating profit	147,421	137,378	-21,395	58,963
Results from net financials	112,007	-6,193	-8,029	-12,997
Profit before tax	127,651	131,185	-29,424	45,966
Profit for the year	89,612	102,780	-19,119	34,271
<b>Balance sheet</b>				
Assets	1,896,501	1,321,486	1,021,596	741,674
Investment in property, plant & equipment	1,219	479	4,437	3,880
Cash less bank loans	653,348	116,508	70,827	-5,822
Share capital	180,000	180,000	180,000	180,000
Equity	312,799	273,214	161,464	180,583
Current liabilities excluding bank loans	1,135,147	970,157	791,528	432,388
<b>Cash flow</b>				
<b>Net cash flow from:</b>				
Operating activities	227,705	68,549	77,951	-8,788
Investment activities	-17,285	-22,868	59,690	-22,140
Financing activities	326,422	0	-60,992	-3,694
Cash flow for the year	536,842	45,681	76,649	-34,622
<b>Profitability</b>				
Return on equity	75,6%	45,8%	-7,0%	19%
Return on capital employed	7,8%	10,1%	-2,1%	7,9%
Profit margin	0,8%	1,2%	-0,4%	1,3%
<b>Solvency ratio:</b> Equity ratio	16,5%	20,6%	15,8%	45,8%
<b>Other:</b> Average number of employees	243	200	160	131

## Management commentary

### Main Activities

The Group's core business model is centered on management of energy assets. We are an independent energy asset management and trading house dedicated to the management of our clients' production and consumption of energy.

The largest company in the Group in terms of revenues and range of activities is Neas Energy A/S, which operates in European markets for electricity, natural gas, CO<sub>2</sub> and a range of associated products on behalf of owners/operators of energy assets.

The Group owns a portfolio of ERPA contracts (Emission Reduction Purchase Agreements) relating to the acquisition of the CERs (Certified Emission Reduction) from owners of CDM projects (Clean Development Mechanism projects) in accordance with the Kyoto Protocol. The Group also owns one CDM project in a Least Developed Country.

### Intro

#### Supreme performance lifts NE Holding to new heights

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

#### An all-time best

The main subsidiary NE Holding A/S achieved growth in financial performance (EBITDA) in 2015, to reach an all-time high of DKK 186.4 million. What is especially encouraging is that the increase in operating profit is directly attributable to the great traction of the company's core business activities within physical energy asset management. Throughout the year, we saw growing underlying market demand for our services as the transformation of the European energy sector continued to grow in scale and impact. Within renewable energy generation in Germany and the UK specifically, we increased portfolio size and market share.



## **Management commentary**

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

### **Strengthened capital position and new employees for future growth**

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

### **A warm welcome to ATP and Via Venture Partners**

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

### **Board reshuffle**

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

## Management commentary

### The next generation in energy

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

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

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

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

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

## Management commentary

### **Utilities divest to consolidate and investors' preferences change**

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

### **Launch of 2018 strategy and organisation to match**

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

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

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

## **Management commentary**

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

### **Business in NE Holding**

The subsidiary NE Climate has over the years developed CDM-projects in several countries. As an effect of the very low carbon emission prices most of these CDM-projects are no longer financially viable. By the end of 2015 all ERPA's has been terminated. However the subsidiary owns one project in a Least Developed Country and the CDM-project got approved by the UN under the Kyoto Protocol in 2015. Despite the low carbon emission prices this CDM-project is expected to be financially viable, and the implementation is expected to start in 2016.

In the beginning of 2014 NE Holding entered into a financial agreement with NE Holding regarding financial hedging of future "consumption". NE Holding entered into financial hedging contracts that had a negative market price at the time. As counterweight to these hedging contracts NE Holding has the right to financially deliver electricity to NE Holding over the coming years. By the end of 2015 almost all financial hedging contracts has been closed down and NE Holding holds only a very small market price risk.

### **Change in accounting principle**

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

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

## **Performance and outlook**

### **2015 market review**

2015 was a year of records in the electricity market. The previous low points for energy prices in the forward market were erased and new lows were tested. 2015 was also a year with record high global temperatures, breaking the record set in 2014 by the widest margin ever.

## **Management commentary**

Correlation across energy commodities grew stronger in 2015 as the increase of shale gas and oil production spilled over into the coal and electricity markets and OPEC relinquished any semblance of control over oil prices, to focus on market shares instead.

### **Electricity**

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

### **Gas**

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

## **2015 performance review**

### **Business unit performance**

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

## **Management commentary**

### **Germany and the UK drive growth in sales & origination**

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

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

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

### **Structuring outperformed all expectations**

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

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

## **Management commentary**

### **Ramp up in Short Term Power Trading**

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

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

### **Increasing size and reach in Gas Trading**

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

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

### **Additional business activities**

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

## Management commentary

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

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

### Outlook 2016

#### Forecasts for growth in 2016 assured

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

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

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



## Management commentary

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

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

By Mid-2016 the company sold all shares in subsidiary Neas Energy A/S to Centrica. The transaction is subject to customary European Union regulatory approvals which has not yet been given.

### Risk Management

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

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

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

## Management commentary

### Advancements in Risk Management

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

### Market risk

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

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

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

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

## **Management commentary**

### **Liquidity risk**

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

### **Credit risk**

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

## **Compliance**

### **Diligence in compliance**

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

## Management commentary

### A multitude of stakeholders and issues

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

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

### Policy, procedures and training

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

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

Internal training sessions on REMIT have been implemented on a quarterly basis for new employees and annually for all relevant employees, to make sure that new regulations are communicated, understood and implemented. We aim to implement a compliance setup with a balance between "hard controls" and "cultural and behavioural influence", as influential behaviour is viewed as an equally strong measure to ensure compliance. Cultural and behavioural influence on compliance is a parameter that will be given additional at

## Management commentary

tention in 2016, as policies and hard controls become well-established. From January 1st 2016 incentive schemes for traders will also include an explicit clause on reductions in bonus payments in cases of misconduct on compliance policies.

## Corporate Social Responsibility

### Business model drives CSR

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

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

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

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

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

## Management commentary

### **New market designs and promoting carbon pricing in Paris**

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

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

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

### **Diversity & gender equality**

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

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

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

## Management commentary

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

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

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

## Financial review

### Internal controls and risk management for the process of financial reporting

The group's risk management and internal controls for financial reporting are designed for provision of internal accounts, which allow measurement and follow-up of group performance, and publication of external accounts in accordance with the Danish Financial

Statements Act for large enterprises in accounting class C, and which give an accurate picture free from material errors.

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

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

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

## Management commentary

Control activities have been put into place designed to detect and eliminate any error or deficiency in the data used for financial reporting. There are also mechanisms in place to ensure that the group observes relevant legislation and other regulations for financial reporting.

Reporting is checked regularly, and any error or deficiency in data reported is communicated and corrected by the companies. The supervisory and executive boards are regularly informed of major changes in legislation and on other relevant compliance matters.

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

### Income statement

Revenues amounted to 20,417 mDKK and a gross profit of 415 mDKK equivalent to a gross profit margin of 2%.

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

Net turnover increased by 82% compared to last year.

Operating profit was 147.4 mDKK compared to 137.4 mDKK last year. Profit margin is realized at 0.8% in the current year, in spite of incurring cost of 23.6 mDKK for special items related to the entry of ATP and VIA Venture in the ownership structure. Operating profit less special items is 171 mDKK.

Income from investment in group enterprises comprises of net profit of total 131,8 mDKK. The profit is realized through the beforementioned trade of shares in NEAS Energy A/S with ATP and Via Venture.

Financial items comprised a net cost of 20.9 mDKK. Financial revenues consist primarily of interest earnings from deposits and receivables, whilst financial expenses primarily consist of warranty provisions and interest payable on the subordinated loans and exchange rate adjustments related to British Pounds.



## **Management commentary**

Profit before tax was therefore 259,4 mDKK. Tax on profit for the year was 38 mDKK.

Profit for the year was thereafter 221.4 mDKK, including minority interests share of profit. Last year, the group made a profit of 102.8 mDKK.

### **Balance sheet**

Total assets as of 31 December 2015 comprised 1,896.8 mDKK.

Given an equity ratio of 36.8%, equity including subordinated loans comprises and minority interest 698.4 mDKK, an strong increase compared to last year.

Dividends of 100 mDKK have been received from Neas Energy A/S during the period, and 168 mDKK have been paid to the shareholders.

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

### **Cash flow statement**

Total cash flow from the year comprises of 536,8 mDKK, with positive cashflow from both operating, investing and financial activities.

## Accounting policies

### General

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

- Measurement of financial instruments in accordance with IAS 39 as adopted by the EU cf. § 37,5
- Presentation of special items in a separate line cf. § 67 The consequence of implementation IAS 39 is that physical power and gas capacities are measured at fair value through profit and loss as opposed to cost in prior years. The effect is displayed in the following table:

Key figures Amounts in million DKK	2015 New principle	2015 Former principle	2014 New principle	2014 Former principle
Revenue	20,376.4	20,350.7	11,211.0	11,207.5
Operating Profit (EBIT)	147.4	121.7	137.4	133.8
Profit for the year	221.4	208.4	102.8	99.2
Assets, total	1,896.5	1,902.0	1,321.5	1,320.2
Equity	312.8	307.9	273.2	271.9

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

### Consolidated financial statements

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

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

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

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

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

## Accounting policies

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

### Foreign currency

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

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

### Basis of recognition and measurement

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

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

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

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

## Accounting policies

### Income statement

#### Revenue

##### ***Physical production***

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

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

##### ***Financial instruments***

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

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

##### ***Derivative financial instruments***

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

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

#### Cost

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

## Accounting policies

### Depreciation and amortisation

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

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

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

### Net financials

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

### Taxes

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

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

## Balance sheet

### Intangible assets

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

## **Accounting policies**

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

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

### **Plant and equipment**

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

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

### **Investments in group enterprises or associated companies**

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

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

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

## Accounting policies

### **Inventories**

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

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

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

### **Receivables**

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

### ***Other receivables***

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

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

### **Prepayments**

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

### **Minority interests**

Minority interests consist of non-controlling interest share of equity in subsidiaries not 100% owned by the parent company .

### **Equity**

Net revaluation of equity investments in subsidiaries is recognised under equity in reserve for net revaluation according to the equity method, to the extent the carrying amount exceeds the acquisition value.

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

## **Accounting policies**

### **Current and deferred taxes**

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

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

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

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

### **Liabilities other than provisions**

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

### **Trade payables**

Trade payables are measured at nominal value.

### **Other payables**

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

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

### **Deferred income**

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



## Accounting policies

### Cash flow statement

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

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

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

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

### Calculation of financial ratios

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

#### Return on equity

Profit for the year

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Average equity

#### Return on capital employed

Operating profit

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Total assets

#### Profit margin

Operating profit

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Revenue

#### Equity ratio

Equity at year-end including subordinated loans

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Total assets

## Income statement

01.01.2015 - 31.12.2015

Note	Group		Parent Company		
	2015 TDKK	2014 TDKK	2015 TDKK	2014 TDKK	
1	<b>Revenue</b>	<b>20.376.405</b>	<b>11.211.070</b>	<b>41.147</b>	<b>5.640</b>
	Cost of sales	-19.961.186	-10.853.095	-53.714	0
	<b>Gross profit</b>	<b>415.219</b>	<b>357.975</b>	<b>-12.567</b>	<b>5.640</b>
	Other operating income	-1.308	0	0	0
	Other external expenses	-60.910	-57.837	1.025	-1.688
2	Staff costs	-166.608	-137.547	0	0
	<b>Profit before special items, amortisation and depreciation</b>	<b>186.393</b>	<b>162.591</b>	<b>-11.542</b>	<b>3.952</b>
3	Other external expenses, special items	-23.555	0	0	0
	Depreciation, amortisation and impairment losses	-15.417	-25.213	0	0
	<b>Operating profit</b>	<b>147.421</b>	<b>137.378</b>	<b>-11.542</b>	<b>3.952</b>
4	Income from investments in group enterprises	0	0	221.885	103.078
5	Income from investments in associates	1.174	7.419	0	0
6	Other financial income	2.158	4.005	2.142	26
7	Other financial expenses	-23.102	-17.617	-1.972	-3.641
	<b>Profit before tax</b>	<b>127.651</b>	<b>131.185</b>	<b>210.513</b>	<b>103.415</b>
8	Tax on profit from ordinary activities	-38.039	-28.405	1.819	-635
	<b>Profit for the year</b>	<b>89.612</b>	<b>102.780</b>	<b>212.332</b>	<b>102.780</b>
	Minority interests' share of profit	-16.283		0	
	<b>Profit for the year</b>	<b>73.329</b>		<b>212.332</b>	

### Distribution of profit for the year

Proposed distribution of profit:

Reserves for net revaluation according to the equity method

Extraordinary dividend

Retained earnings

**Total**

### Parent Company

2015  
TDKK

2014  
TDKK

-56.236

191.750

168.000

0

100.568

-88.970

212.332

102.780

Minority interests' share of profit/loss

## Balance sheet

### 31.12.2015

Note	Group		Parent Company		
	2015 TDKK	2014 TDKK	2015 TDKK	2014 TDKK	
	<b>Assets</b>				
	Software	35.986	36.694	0	0
	Contractual rights	866	1.083	0	0
	Development projects in progress	3.293	0	0	0
9	<b>Intangible assets</b>	<b>40.145</b>	<b>37.777</b>	<b>0</b>	<b>0</b>
	Plant and equipment	4.494	4.550	0	0
10	<b>Plant and equipment</b>	<b>4.494</b>	<b>4.550</b>	<b>0</b>	<b>0</b>
	Investments in group enterprises	0	0	303.888	436.751
	Investments in associates	8.149	7.408	0	0
	Receivables from group enterprises	0	0	100.000	0
11	<b>Fixed asset investments</b>	<b>8.149</b>	<b>7.408</b>	<b>403.888</b>	<b>436.751</b>
	<b>Non-current assets</b>	<b>52.788</b>	<b>49.735</b>	<b>403.888</b>	<b>436.751</b>
	<b>Inventories</b>	<b>25.841</b>	<b>16.374</b>	<b>0</b>	<b>0</b>
	Trade receivables	172.402	233.990	0	869
	Receivables from group enterprises	0	0	2.071	649
	Receivables from associates	4.273	4.042	0	0
	Income tax receivable	0	0	21.212	8.254
12	Other receivables	873.236	777.199	2.510	6.072
8	Deferred tax assets	2.029	26.690	4.607	31.435
13	Prepayments	49.658	25.870	0	0
	<b>Receivables</b>	<b>1.101.598</b>	<b>1.067.791</b>	<b>30.400</b>	<b>47.279</b>
	<b>Cash</b>	<b>716.274</b>	<b>187.586</b>	<b>0</b>	<b>2</b>
	<b>Current assets</b>	<b>1.843.713</b>	<b>1.271.751</b>	<b>30.400</b>	<b>47.281</b>
	<b>Assets</b>	<b>1.896.501</b>	<b>1.321.486</b>	<b>434.288</b>	<b>484.032</b>

## Balance sheet

### 31.12.2015

Note	Group		Parent Company		
	2015 TDKK	2014 TDKK	2015 TDKK	2014 TDKK	
<b>Equity and liabilities</b>					
	Share capital	180.000	180.000	180.000	180.000
	Reserves for net revaluation according to the equity method	0	0	136.386	200.720
	Retained earnings	132.799	93.214	-3.587	-107.506
14	<b>Equity</b>	<b>312.799</b>	<b>273.214</b>	<b>312.799</b>	<b>273.214</b>
15	<b>Minority interests</b>	<b>135.629</b>	<b>0</b>	<b>0</b>	<b>0</b>
	Subordinated loan capital	250.000	0	0	0
	Debt to group enterprises	0	0	26.409	35.566
	Other payables	0	7.037	0	7.037
16	<b>Non-current liabilities other than provisions</b>	<b>250.000</b>	<b>7.037</b>	<b>26.409</b>	<b>42.603</b>
16	Current portion of long-term liabilities other than provisions	12.372	2.553	26.374	61.952
	Bank loans	62.926	71.078	62.926	71.078
	Debt to group enterprises	0	0	1.360	32.508
	Trade payables	62.524	121.900	0	0
	Income tax payable	11.219	318	0	0
17	Other payables	1.033.665	829.101	4.420	2.677
	Deferred income	15.367	16.285	0	0
	<b>Current liabilities other than provisions</b>	<b>1.198.073</b>	<b>1.041.235</b>	<b>95.080</b>	<b>168.215</b>
	<b>Liabilities other than provisions</b>	<b>1.448.073</b>	<b>1.048.272</b>	<b>121.489</b>	<b>210.818</b>
	<b>Equity and liabilities</b>	<b>1.896.501</b>	<b>1.321.486</b>	<b>434.288</b>	<b>484.032</b>
18	Guarantees				
19	Security furnished				
20	Contingent assets				
21	Contingent liabilities				
22	Contractual obligations				
23	Fees paid to auditors appointed at the annual general meeting				
24	Related parties				

## Statement of changes in equity

TDKK

### Group

	Share capital	Extraordinary dividend	Retained earnings	Total
Balance as of 01.01.2015	180.000	0	91.918	271.918
Effect of changes in accounting principals	0	0	1.296	1.296
Adjusted balance as of 01.01.2015	180.000	0	93.214	273.214
Other adjustments	0	0	-4.747	-4.747
Gain from minority interests	0	0	139.003	139.003
Paid extraordinary dividend	0	-168.000	0	-168.000
Profit/loss for the year	0	168.000	-94.671	73.329
<b>Balance as of 31.12.2015</b>	<b>180.000</b>	<b>0</b>	<b>132.799</b>	<b>312.799</b>

### Parent Company

	Share capital	Reserves according to the equity method	Extraordinary dividend	Retained earnings	Total
Balance as of 01.01.2015	180.000	199.424	0	-107.506	271.918
Effect of changes in accounting principals	0	1.296	0	0	1.296
Adjusted balance as of 01.01.2015	180.000	200.720	0	-107.506	273.214
Other adjustments	0	-4.747	0	0	-4.747
Paid extraordinary dividend	0	0	-168.000	0	-168.000
Profit/loss for the year	0	-56.236	168.000	100.568	212.332
<b>Balance as of 31.12.2015</b>	<b>180.000</b>	<b>139.737</b>	<b>0</b>	<b>-6.938</b>	<b>312.799</b>

## Cash flow statement

01.01.2015 - 31.12.2015

### Group

	2015 TDKK	2014 TDKK
<b>Profit before tax</b>	<b>127.651</b>	<b>131.185</b>
Adjustment of non-cash items	16.175	28.258
<b>Operating profit adjusted for non-liquid items</b>	<b>143.826</b>	<b>159.443</b>
Corporation tax paid	1.055	-2.964
<b>Changes in net working capital:</b>		
Receivables	51.822	-313.203
Inventories	-9.467	11.197
Trade payables	-152.074	-1.999
Other payables related to operations	192.543	178.498
Other adjustment	0	37.577
<b>Net cash flow from operating activities</b>	<b>227.705</b>	<b>68.549</b>
<b>Investment in non-current assets:</b>		
Sale of intangible assets	0	1.329
Purchase of intangible assets	-16.534	-18.467
Sale of property, plants and equipment	20	0
Purchase of property, plants and equipment	-1.219	-479
Sale of financial assets	448	-2.490
Disposal cash from sale of company	0	-2.761
<b>Net cash flow from investing activities</b>	<b>-17.285</b>	<b>-22.868</b>
Proceeds from borrowings	250.000	0
Repayments on long-term debt	-16.078	0
Dividends paid	-168.000	0
Disposal cash from minority interest	260.500	0
<b>Net cash flow from financial activities</b>	<b>326.422</b>	<b>0</b>
<b>Total net cash flow for the year</b>	<b>536.842</b>	<b>45.681</b>
Cash at start of year	187.584	70.827
Debt to banks at start of year	-71.078	0
<b>Cash at end of year</b>	<b>653.348</b>	<b>116.508</b>
Cash at end of year specified as follows:		
Cash	716.274	187.586
Debt to banks	(62.926)	(71.078)
<b>Total</b>	<b>653.348</b>	<b>116.508</b>

## Notes

	Group		Parent Company	
	2015 TDKK	2014 TDKK	2015 TDKK	2014 TDKK
<b>1 Revenue</b>				
Power	15.629.106	8.465.665	41.147	5.640
Gas	4.747.299	2.745.405	0	0
<b>Total</b>	<b>20.376.405</b>	<b>11.211.070</b>	<b>41.147</b>	<b>5.640</b>
<b>Profit from fair value instruments</b>	<b>39.846</b>	<b>180.857</b>	<b>0</b>	<b>0</b>
<p>The NE Holding Group carries out almost all activities from Denmark as all handling of physical production and trading is done from the main office in Aalborg thus a split of the activity is not relevant. Furthermore Neas Energy see the european market as an integrated pan-european market with more and more synergies across countries.</p>				
<b>2 Staff costs</b>				
Wages and salaries	148.741	121.362	0	0
Pension costs	10.558	9.577	0	0
Other social security costs	2.301	1.964	0	0
Other staff costs	5.008	4.644	0	0
<b>Total</b>	<b>166.608</b>	<b>137.547</b>	<b>0</b>	<b>0</b>
<b>Average number of employees</b>	<b>243</b>	<b>200</b>	<b>0</b>	<b>0</b>
<b>Total remuneration to executive board and board of directors</b>	<b>4.768</b>	<b>4.424</b>	<b>0</b>	<b>0</b>
<b>3 Other external expenses, special items</b>				
Other external expenses, special items	23.555	0	0	0
<b>Total</b>	<b>23.555</b>	<b>0</b>	<b>0</b>	<b>0</b>
<p>Expenses related to the Sapphire project in which the owner structure was reorganised with the entering of ATP and VIA Venture and a subordinated loan was issued. The cost relates to extraordinary consultancy and legal services in the project, and is not part of the ordinary operations at the subsidiary Neas Energy A/S.</p>				
<b>4 Income from investments in group enterprises</b>				
Share of profit/loss for the year	0	0	82.882	103.078
Profit from sale of investment in group enterprises	0	0	139.003	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>221.885</b>	<b>103.078</b>
<b>5 Income from investments in associates</b>				
Share of profit/loss for the year	1.174	-820	0	0
Profit from sale of investment in associates	0	8.239	0	0
<b>Total</b>	<b>1.174</b>	<b>7.419</b>	<b>0</b>	<b>0</b>

## Notes

	Group		Parent Company	
	2015 TDKK	2014 TDKK	2015 TDKK	2014 TDKK
<b>6 Other financial income</b>				
Financial income arising from group enterprises	0	0	2.074	6
Financial income from associates	221	220	0	0
Capital gain on loan repayment	0	638	0	0
Exchange rate adjustments	1.536	1.792	0	0
Interest income	330	1.335	0	0
Other financial income	71	20	68	20
<b>Total</b>	<b>2.158</b>	<b>4.005</b>	<b>2.142</b>	<b>26</b>
<b>7 Other financial expenses</b>				
Financial expenses from group enterprises	0	0	108	232
Guarantee provision	7.468	8.788	619	0
Interest expenses	15.634	8.829	1.245	3.409
<b>Total</b>	<b>23.102</b>	<b>17.617</b>	<b>1.972</b>	<b>3.641</b>
<b>8 Tax on profit from ordinary activities</b>				
Tax on current year taxable income	-13.572	-4.908	2.806	0
Change in deferred tax for the year	-26.325	-23.280	-18.405	-418
Correction to current tax, previous years	0	433	7.436	433
Correction to deferred tax, previous years	2.845	0	-7.436	0
Changes regarding joint tax arrangement, current year	0	0	18.405	0
Effect of changed tax rates on defferd tax	-987	-650	-987	-650
<b>Total</b>	<b>-38.039</b>	<b>-28.405</b>	<b>1.819</b>	<b>-635</b>
Deferred tax is computed at 22% and is broken down as follows:				
Intangible assets	-8.133	-7.534	0	0
Property, plant and equipment	378	405	0	0
Current assets	-1.016	2.384	0	0
Tax loss carryforward	10.800	31.435	4.607	31.435
<b>Provision for deferred tax for the year</b>	<b>2.029</b>	<b>26.690</b>	<b>4.607</b>	<b>31.435</b>



## Notes

	Group		Parent Company	
	2015 TDKK	2014 TDKK	2015 TDKK	2014 TDKK
<b>9 Intangible assets</b>				
<b>Software</b>				
Cost price as of 01.01.2015	109.901	91.434	0	0
Additions during the year	13.241	18.467	0	0
Disposals during the year	-6.118	0	0	0
Cost price as of 31.12.2015	<b>117.024</b>	<b>109.901</b>	<b>0</b>	<b>0</b>
Amortisations as of 01.01.2015	73.207	56.930	0	0
Correction opening balance	5	0	0	0
Amortisations during the year	13.300	16.277	0	0
Reversal of amortisations on disposals in the year	-5.474	0	0	0
Amortisations as of 31.12.2015	<b>81.038</b>	<b>73.207</b>	<b>0</b>	<b>0</b>
<b>Book value as of 31.12.2015</b>	<b>35.986</b>	<b>36.694</b>	<b>0</b>	<b>0</b>
<b>Contractual rights</b>				
Cost price as of 01.01.2015	1.516	1.516	0	0
Cost price as of 31.12.2015	<b>1.516</b>	<b>1.516</b>	<b>0</b>	<b>0</b>
Amortisations as of 01.01.2015	433	216	0	0
Amortisations during the year	217	217	0	0
Amortisations as of 31.12.2015	<b>650</b>	<b>433</b>	<b>0</b>	<b>0</b>
<b>Book value as of 31.12.2015</b>	<b>866</b>	<b>1.083</b>	<b>0</b>	<b>0</b>
<b>Development projects in progress</b>				
Cost price as of 01.01.2015	0	0	0	0
Additions during the year	3.293	0	0	0
Cost price as of 31.12.2015	<b>3.293</b>	<b>0</b>	<b>0</b>	<b>0</b>
Amortisations as of 01.01.2015	0	0	0	0
Amortisations as of 31.12.2015	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Book value as of 31.12.2015</b>	<b>3.293</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Booked value intangible assets as of 31.12.2015</b>	<b>40.145</b>	<b>37.777</b>	<b>0</b>	<b>0</b>

## Notes

	Group		Parent Company	
	2015 TDKK	2014 TDKK	2015 TDKK	2014 TDKK
<b>10 Plant and equipment</b>				
Cost price as of 01.01.2015	12.591	15.352	0	0
Additions during the year	1.219	479	0	0
Disposals during the year	-2.549	-3.240	0	0
Cost price as of 31.12.2015	<b>11.261</b>	<b>12.591</b>	<b>0</b>	<b>0</b>
Depreciation as of 01.01.2015	8.041	9.424	0	0
Depreciation during the year	1.216	1.347	0	0
Reversal of depreciations on disposals in the year	-2.490	-2.730	0	0
Depreciation as of 31.12.2015	<b>6.767</b>	<b>8.041</b>	<b>0</b>	<b>0</b>
<b>Book value plant and equipment as of 31.12.2015</b>	<b>4.494</b>	<b>4.550</b>	<b>0</b>	<b>0</b>
<b>The carrying amount of assets held under finance leases amounts to</b>	<b>1.744</b>	<b>2.190</b>	<b>0</b>	<b>0</b>
<b>11 Fixed asset investments</b>				
<b>Investment in group enterprises</b>				
Cost price as of 01.01.2015	0	0	231.500	232.000
Additions during the year	0	0	0	-500
Disposals during the year	0	0	-67.349	0
Cost price as of 31.12.2015	<b>0</b>	<b>0</b>	<b>164.151</b>	<b>231.500</b>
Revaluation and depreciation as of 01.01.2015	0	0	205.251	-41.729
Share of profit/loss for the year	0	0	82.882	94.841
Effect of changes in accounting principles	0	0	0	-2.266
Reversals of revaluation and depreciation on disposals of the year	0	0	-50.874	4.302
Other adjustments	0	0	2.478	150.103
Dividend received during the year	0	0	-100.000	0
Revaluation and depreciation as of 31.12.2015	<b>0</b>	<b>0</b>	<b>139.737</b>	<b>205.251</b>
<b>Book value as of 31.12.2015</b>	<b>0</b>	<b>0</b>	<b>303.888</b>	<b>436.751</b>

## Notes

	Group		Parent Company	
	2015 TDKK	2014 TDKK	2015 TDKK	2014 TDKK
<b>11 Fixed asset investments (continued)</b>				
<b>Investment in associates</b>				
Cost price as of 01.01.2015	11.939	13.872	0	0
Disposals during the year	-448	-1.933	0	0
Cost price as of 31.12.2015	<b>11.491</b>	<b>11.939</b>	<b>0</b>	<b>0</b>
Revaluation and depreciation as of 01.01.2015	-4.531	-3.696	0	0
Share of profit/loss for the year	1.174	-820	0	0
Fair value adjustments in the year	15	-15	0	0
Revaluation and depreciation as of 31.12.2015	<b>-3.342</b>	<b>-4.531</b>	<b>0</b>	<b>0</b>
<b>Book value as of 31.12.2015</b>	<b>8.149</b>	<b>7.408</b>	<b>0</b>	<b>0</b>
<b>Book value fixed asset investments as of 31.12.2015</b>	<b>8.149</b>	<b>7.408</b>	<b>0</b>	<b>0</b>
	<b>Domicile</b>	<b>Equity</b>	<b>Profit for the year</b>	<b>Percentage owned</b>
<b>Group enterprises</b>				
Neas Invest A/S	Aalborg, Denmark	1.585	(142)	69%
NEAS Fondsmæglerselskab A/S	Aalborg, Denmark	11.237	(5.284)	69%
Nordjysk Elhandel Finans A/S	Aalborg, Denmark	4.901	(1.440)	69%
UtilityNorth A/S	Aalborg, Denmark	11.602	(398)	69%
Neas Energy Ltd.	London, United Kingdom	829	184	69%
Neas Energy d.o.o. Beograd	Beograd, Serbia	(64)	(64)	69%
Neas Energy GmbH.	Hilden, Germany	327	(47)	69%
NE Climate A/S	Aalborg, Denmark	4.530	401	100%
Neas Energy A/S	Aalborg, Denmark	98.764	434.986	69%
<b>Associates</b>				
Danish Carbon Fund	Copenhagen, Denmark	10.841	(2.348)	7%
Vindpark Keflowo ApS	Hobro, Denmark	14.805	2.672	50%
<b>Receivables from group enterprises</b>				
Cost price as of 01.01.2015	0	0	0	0
Additions during the year	0	0	100.000	0
Disposals during the year	0	0	0	0
Cost price as of 31.12.2015	<b>0</b>	<b>0</b>	<b>100.000</b>	<b>0</b>
Revaluation and depreciation as of 01.01.2015	0	0	0	0
Revaluation and depreciation as of 31.12.2015	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Book value as of 31.12.2015</b>	<b>0</b>	<b>0</b>	<b>100.000</b>	<b>0</b>
<b>Book value receivables from group enterprises as of 31.12.2015</b>	<b>0</b>	<b>0</b>	<b>100.000</b>	<b>0</b>

## Notes

	Group		Parent Company	
	2015 TDKK	2014 TDKK	2015 TDKK	2014 TDKK
<b>12 Other receivables</b>				
Fair value of physical and financial instruments	360.369	313.496	0	0
Certificates	102.498	54.369	0	0
Deposits	55.232	48.321	0	0
Deposits - on call	29.910	27.193	0	0
Accrued trading counterparties	267.642	271.462	0	0
Others	57.585	62.358	2.510	6.072
<b>Total</b>	<b>873.236</b>	<b>777.199</b>	<b>2.510</b>	<b>6.072</b>

### 13 Prepayments

Prepayment in the consolidated group balance contains prepayed costs.

### 14 Equity

Share capital comprises 180.000.000 shares at a nominal value of DKK 1 each.

In 2015 there has been a disposal of treasury shares of TDKK 3.083. At 31.12.2015 there are no treasury shares.

#### Changes in share capital

Balance as of 01.01.2010

TDKK

180.000

**Balance as of 31.12.2015**

**180.000**

### 15 Minority interests

During the year NE Holding A/S have disposed with 31% of the Neas Energy Group, and therefore minority interests have been recognised in the group financial statement. Minority share of profit and loss consist of the minority share of profit and loss from closing until year.

## Notes

	Group		Parent Company	
	2015 TDKK	2014 TDKK	2015 TDKK	2014 TDKK
<b>16 Non-current liabilities other than provisions</b>				
Nominal value of long-term debt	262.372	9.590	52.783	104.555
Within 1 year	12.372	2.553	26.374	61.952
2-5 years	0	7.037	26.409	42.603
After 5 years	250.000	0	0	0
<b>Total</b>	<b>262.372</b>	<b>9.590</b>	<b>52.783</b>	<b>104.555</b>

### Additional information on subordinated loan capital:

	Notional value, TDKK	Maturity	Interest	Condition for subordination
Other subordinated loan	250.000	25-06-2023	Cibor (3 month) plus a 7 % margin per annum. If the Cibor-rate is below 1 %, Cibor will be deemed to be 1 %.	In the event of default, the loan is subordinated to "simple creditors" in accordance with the Danish bankruptcy act.
<b>Total</b>	<b>350.000</b>			

	Group		Parent Company	
	2015 TDKK	2014 TDKK	2015 TDKK	2014 TDKK
<b>17 Other payables</b>				
Fair value of physical and financial instruments	284.506	299.037	0	0
Accrued trading counterparties	695.460	488.825	0	0
Value of CDM-projects	3.183	8.366	0	0
Others	50.516	32.873	4.420	2.677
<b>Total</b>	<b>1.033.665</b>	<b>829.101</b>	<b>4.420</b>	<b>2.677</b>

### 18 Guarantees

The Company's banks have provided guarantees for contractual obligations guarantees at the balance sheet date amounted to

	697.852	344.408	63.819	0
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## Notes

	Group		Parent Company	
	2015 TDKK	2014 TDKK	2015 TDKK	2014 TDKK
<b>19 Security furnished</b>				
The following assets have been deposited as security for limits in banks:				
Receivables from group enterprises, with the carrying amount of	0	0	100.000	0
Cash with a carrying amount of	66.180	45.298	0	0

### 20 Contingent assets

The parent company is participating as an intervening party in a compensations case against Dong Energy A/S including the clients claim is in the range of DKK 147 to 498 million of which the mail parts belong to clientys. Due to the complexity of the case and amount involved, long term proceedings can be expected.

### 21 Contingent liabilities

#### Group

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

#### Parent company

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

	Group		Parent Company	
	2015 TDKK	2014 TDKK	2015 TDKK	2014 TDKK
<b>22 Contractual obligations</b>				
<b>Non-financial rent and leasing payments:</b>				
Within 1 year	7.322	7.533	0	0
2-5 years	23.477	22.387	0	0
After 5 years	35.705	46.916	0	0
<b>Total</b>	<b>66.504</b>	<b>76.836</b>	<b>0</b>	<b>0</b>

## Notes

	Group		Parent Company	
	2015 TDKK	2014 TDKK	2015 TDKK	2014 TDKK
<b>23 Fees paid to auditors appointed at the annual general meeting</b>				
Mandatory audit of the annual accounts	894	937	25	30
Other declaration tasks with security	30	27	30	0
Tax advise	153	48	0	0
Other services	685	1.795	-440	553
Tax advise, other auditors	91	413	0	0
<b>Total</b>	<b>1.853</b>	<b>3.220</b>	<b>-385</b>	<b>583</b>

## 24 Related parties

### Controlling influence:

None

### Significant influence:

Eigild Bødker Christensen, Aalborg  
 Michael Dreisler, Aalborg  
 Bjørn Skovhus, Gistrup  
 Ulrik Holm Christensen, Svenstrup  
 Susanne Dreisler, Aalborg  
 Bo Lynge Rydahl, Aalborg  
 Søren Agersbæk Jensen, Klarup

### Basis of influence:

Chairman of the supervisory board of directors  
 Vice chairman of the supervisory board of directors  
 Member of the supervisory board of directors  
 Member of the supervisory board of directors  
 Member of the supervisory board of directors  
 Member of the supervisory board of directors  
 Member of the supervisory board of directors

### Transactions:

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

### Ownership structure:

The following shareholders are registered in the company's Register of Shareholders with a shareholding of more than 5%:

SEBC Holding ApS, Aalborg  
 Dreisler Invest A/S, Aalborg  
 Rydahl Finans ApS, Aalborg

### Group:

NE Holding A/S does not appear as a subsidiary in any other consolidated account. The consolidated NE Holding A/S includes the biggest and smallest group in which the parent company is a subsidiary.

## Notes regarding IAS 39

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

### Risk note

#### 25 Market Risk

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

The total day-to-day risk, as defined in the Risk Policy reported ultimo 2014 and 2015 respectively are 6,1 mDKK and 8,7 mDKK. The majority of market risk exposure reflected in these numbers is related to price spread among price areas or as time spreads within price area as oppose to an outright exposure against the general price level of power or gas.

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

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

#### 26 Liquidity Risk

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

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

<b>TDKK</b>	<b>Ultimo 2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>After 2019</b>
Trade payables	62.524	-62.524	0	0	0
Other payables - Accrued trading counterparties	695.460	-695.460	0	0	0
Fair value of physical and financial instruments	-129.606	93.994	10.897	24.377	337
Subordinated loan	258.837	-23.414	-2.900	-2.900	-264.500
<b>Total</b>	<b>887.215</b>	<b>-687.403</b>	<b>7.997</b>	<b>21.477</b>	<b>-264.163</b>

<b>TDKK</b>	<b>Ultimo 2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>After 2019</b>
Trade payables	121.900	-121.900	0	0	0	0
Other payables - Accrued trading counterparties	488.825	-488.825	0	0	0	0
Fair value of physical and financial instruments	-46.155	17.310	14.944	-7.660	7.300	14.261
<b>Total</b>	<b>564.570</b>	<b>-593.415</b>	<b>14.944</b>	<b>-7.660</b>	<b>7.300</b>	<b>14.261</b>

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

	<b>2015</b>	<b>2014</b>
Fair value of physical and financial instruments - assets	414.112	345.192
Fair value of physical and financial instruments - liabilities	284.506	299.037
<b>Fair value of physical and financial instruments - net values</b>	<b>129.606</b>	<b>46.155</b>

For further specification see note 24 regarding Offsetting



## Notes regarding IAS 39

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

### 27 Credit Risk

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

2015:

	Trade Receivables	Other receivables - Accrued trading counterparties	Fair value of physical and financial instruments	Total
<b>TDKK</b>				
<b>The credit quality of the group's counterparties</b>				
Clearing centres	95.459	50.186	31.924	177.569
Minimal risk	26.157	95.919	256.395	378.471
Low risk	2.523	21.367	52.001	75.891
High risk	-	5.918	124	6.042
Not rated	48.263	94.252	19.925	162.440
<b>Total</b>	<b>172.402</b>	<b>267.642</b>	<b>360.369</b>	<b>800.413</b>

2014:

	Trade Receivables	Other receivables - Accrued trading counterparties	Fair value of physical and financial instruments	Total
<b>TDKK</b>				
<b>The credit quality of the group's counterparties</b>				
Clearing centres	97.003	48.755	88.312	234.070
Minimal risk	89.662	65.849	130.563	286.074
Low risk	3.440	66.146	64.942	134.528
High risk	-	3.370	982	4.352
Not rated	43.017	87.342	28.697	159.056
<b>Total</b>	<b>233.122</b>	<b>271.462</b>	<b>313.496</b>	<b>818.080</b>

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

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

No receivables are past due.

## Notes regarding IAS 39

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

### 27 Credit risk (continued)

NEAS Energy enters in to offsetting agreements with counterparts also covering financial contracts. Both long and short positions are traded with these counterparts and the gross value of these contracts can be significant. However the possibility to offset individual contracts with these counterparts mean that the actual cash settlement of the contracts is significantly lower.

Offsetting is mainly done on specific counterparts on the specific product, but NEAS Energy has a few master netting agreements with the possibility to do cross commodity netting. The netting is carried out also in the actual settlement in cash.

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

TDKK	2015				2014		
	Gross	Netting	Net		Gross	Netting	Net
<b>Offsetting of receivables</b>							
Trade receivables	194.262	-21.860	172.402		240.805	-7.683	233.122
Other receivables - Accrued trading counterparties	301.427	-33.785	267.642		297.812	-26.350	271.462
Fair value of physical and financial instruments							
Other Receivables: Fair value of physical and financial instr	368.839	-8.470	360.369		315.859	-2.363	313.496
Recieved cash on Futures	19.706	-	19.706		13.144	-	13.144
Gas storage	25.567	-	25.567		16.189	-	16.189
Total	414.112	-8.470	405.642		345.192	-2.363	342.829
<b>Total</b>	<b>909.801</b>	<b>-64.115</b>	<b>845.686</b>	<b>-</b>	<b>883.809</b>	<b>-36.396</b>	<b>847.413</b>

TDKK	2015				2014		
	Gross	Netting	Net		Gross	Netting	Net
<b>Offsetting of payables</b>							
Trade payables	84.384	-21.860	62.524		129.582	-7.683	121.899
Other payables - Accrued trading counterparties	737.715	-42.255	695.460		517.539	-28.714	488.825
Fair value of physical and financial instruments	284.506	-	284.506		299.037	-	299.037
<b>Total</b>	<b>1.106.605</b>	<b>-64.115</b>	<b>1.042.490</b>	<b>-</b>	<b>946.158</b>	<b>-36.397</b>	<b>909.761</b>

The Company's banks have provided guarantees for contractual obligations guarantees at the balance sheet date amounted to TDKK 634.033.

The counterparties banks have provided guarantees for contractual obligations guarantees at the balance sheet date amounted to TDKK 70.295.

## Notes regarding IAS 39

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

### 28 Sensitivity analysis of financial instruments

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

TDKK	2014		2015	
	P/L effect	Reasonably possible change in variable %	P/L effect	Reasonably possible change in variable %
Nordic Power	11.609	+/- 4%	7.775	+/- 4%
Continental Power	12.727	+/- 4%	16.643	+/- 4%
UK Power	600	+/- 5%	1.368	+/- 5%
Europe Gas	727	+/- 5%	0	+/- 5%

### 29 Fair value hierarchy

#### Fair value hierarchy

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

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

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

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

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

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

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

#### Level 1

- Exchange traded derivatives and identical energy contracts

#### Level 2

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

#### Level 3

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

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

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

## Notes regarding IAS 39

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

### 29 Fair value hierarchy (continued)

#### Sensitivity analysis of Level 3 contracts

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

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

#### 2015:

	Level 1	Level 2	Level 3	Total
Power	-26.224	105.425	7.271	86.472
Gas	1.974	4.086	33.010	39.070
Other	-	4.064	-	4.064
<b>Total</b>	<b>-24.250</b>	<b>113.575</b>	<b>40.281</b>	<b>129.606</b>

#### 2014:

	Level 1	Level 2	Level 3	Total
Power	139.020	-184.155	50.198	5.063
Gas	-105	20.102	3.117	23.114
Other	-	17.978	-	17.978
<b>Total</b>	<b>138.915</b>	<b>-146.075</b>	<b>53.315</b>	<b>46.155</b>

#### Other financial instruments

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

#### Loans and other borrowings

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

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

TDKK	2015 Financial instruments	2014 Financial instruments
<b>Level 3 financial instruments</b>		
1 January	53.315	2.021
Total realised and unrealised (losses)/gains	-13.034	51.294
<b>31 December</b>	<b>40.281</b>	<b>53.315</b>
Total (losses)/gains for the year for level 3 instruments	56.648	96.030