

DC Generation A/S

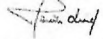
Værkmestergade 3, DK-8000 Aarhus C

Annual Report for 1 January - 31 December 2015

CVR No 34 07 19 77

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on

1 2016 06.04.2016



Henrik Lind
Chairman

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of DC Generation A/S for the financial year 1 January - 31 December 2015.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2015 of the Company and of the results of the Company operations for 2015.

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

Aarhus, 16 March 2016

Executive Board



Jakob SØ Bendixen

Board of Directors



Henrik Østenkjær Lind
Chairman



Miguel Marroquin



Helle Østergaard Kristiansen



Dirk Erich Mausbeck

Independent Auditor's Report on the Financial Statements

To the Shareholder of DC Generation A/S

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Independent Auditor's Report on the Financial Statements

Opinion

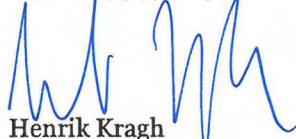
In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2015 and of the results of the Company operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Aarhus, 16 March 2016

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31



Henrik Kragh

State Authorised Public Accountant



Steffen Damsgaard Sørensen

State Authorised Public Accountant

Company Information

The Company

DC Generation A/S
Værkmestergade 3
DK-8000 Aarhus C

CVR No: 34 07 19 77

Financial period: 1 January - 31 December

Municipality of reg. office: Aarhus

Main activity

Production of electricity and heat.

Board of Directors

Henrik Østenkjær Lind, Chairman
Helle Østergaard Kristiansen
Dirk Erich Mausbeck
Miguel Marroquin

Executive Board

Jakob Sø Bendixen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Nobelparken
Jens Chr. Skous Vej 1
DK-8000 Aarhus C

Income statement 1 January - 31 December

	<u>Note</u>	<u>2015</u> DKK	<u>2014</u> DKK
Gross profit/loss		20.411.550	12.060.799
Staff expenses	1	-66.971	-134.624
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-4.805.313	-4.506.382
Profit/loss before financial income and expenses		15.539.266	7.419.793
Financial income	2	53.318	866
Financial expenses	3	-898.316	-1.295.353
Profit/loss before tax		14.694.268	6.125.306
Tax on profit/loss for the year	4	-3.499.383	-1.650.182
Net profit/loss for the year		11.194.885	4.475.124

Distribution of profit

Proposed distribution of profit

Retained earnings		11.194.885	4.475.124
		11.194.885	4.475.124

Balance Sheet 31 December

Assets

	Note	2015 DKK	2014 DKK
Acquired patents		380.000	760.000
Intangible assets	5	380.000	760.000
Land and buildings		9.036.757	9.542.453
Other fixtures and fittings, tools and equipment		21.742.299	21.952.322
Property, plant and equipment	6	30.779.056	31.494.775
Fixed assets		31.159.056	32.254.775
Inventories		3.606.460	3.606.460
Trade receivables		10.724.135	15.963.150
Other receivables		430.266	740.949
Corporation tax		248.588	0
Prepayments		4.848.451	6.264.142
Receivables		16.251.440	22.968.241
Cash at bank and in hand		443.996	7.728.570
Current assets		20.301.896	34.303.271
Assets		51.460.952	66.558.046

Balance Sheet 31 December

Liabilities and equity

	Note	2015 DKK	2014 DKK
Share capital		500.000	500.000
Retained earnings		21.559.118	10.364.234
Equity	7	22.059.118	10.864.234
Provision for deferred tax		933.171	906.950
Provisions		933.171	906.950
Mortgage loans		7.829.229	11.184.732
Long-term debt		7.829.229	11.184.732
Mortgage loans		3.494.553	3.477.342
Trade payables		8.510.058	20.280.676
Payables to group enterprises		8.634.823	18.313.375
Corporation tax		0	1.530.737
Short-term debt		20.639.434	43.602.130
Debt		28.468.663	54.786.862
Liabilities and equity		51.460.952	66.558.046
Contingent assets, liabilities and other financial obligations	8		
Related parties and ownership	9		

Notes to the Annual Report

	<u>2015</u>	<u>2014</u>
	DKK	DKK
1 Staff expenses		
Wages and salaries	0	37.225
Other staff expenses	66.971	97.399
	<u>66.971</u>	<u>134.624</u>
2 Financial income		
Interest received from group enterprises	46.132	0
Other financial income	0	774
Exchange adjustments	7.186	92
	<u>53.318</u>	<u>866</u>
3 Financial expenses		
Interest paid to group enterprises	643.787	925.836
Other financial expenses	254.529	369.517
	<u>898.316</u>	<u>1.295.353</u>
4 Tax on profit/loss for the year		
Current tax for the year	3.451.411	1.530.737
Deferred tax for the year	38.013	160.218
Adjustment of tax concerning previous years	9.959	-40.773
	<u>3.499.383</u>	<u>1.650.182</u>
5 Intangible assets		Acquired patents
		<u>DKK</u>
Cost at 1 January		1.900.000
Cost at 31 December		<u>1.900.000</u>
Impairment losses and amortisation at 1 January		1.140.000
Amortisation for the year		380.000
Impairment losses and amortisation at 31 December		<u>1.520.000</u>
Carrying amount at 31 December		<u>380.000</u>

Notes to the Annual Report

6 Property, plant and equipment

	Land and buildings	Other fixtures and fittings, tools and equipment
	DKK	DKK
Cost at 1 January	11.491.826	31.007.573
Additions for the year	821.441	2.888.153
Cost at 31 December	<u>12.313.267</u>	<u>33.895.726</u>
Impairment losses and depreciation at 1 January	1.949.373	9.055.251
Depreciation for the year	1.327.137	3.098.176
Impairment losses and depreciation at 31 December	<u>3.276.510</u>	<u>12.153.427</u>
Carrying amount at 31 December	<u>9.036.757</u>	<u>21.742.299</u>

7 Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	500.000	10.364.234	10.864.234
Net Profit/loss for the year	0	11.194.885	11.194.885
Equity at 31 December	<u>500.000</u>	<u>21.559.119</u>	<u>22.059.119</u>

The share capital consists of 500.000 shares of a nominal value of DKK 1. No shares carry any special rights,

Notes to the Annual Report

	<u>2015</u> DKK	<u>2014</u> DKK
8 Contingent assets, liabilities and other financial obligations		
Security		
The following assets have been placed as security with mortgage credit institutes:		
Land and buildings with a book value of	9.036.757	9.542.453
Plant and machinery with a booked value of	21.742.299	21.952.322
The following assets have been placed as security with bankers:		
Mortgage deeds registered to the mortgagor totalling tDKK 4.000, providing security on land and buildings as well as other property, plant and equipment at a total carrying amount of	30.779.056	31.494.775
Other		

The Company is jointly liable for tax of the Group's jointly taxed income etc. Furthermore the Company is jointly liable for withholding taxes such as dividend tax, royalty tax and tax on unearned income.

9 Related parties and ownership

Consolidated Financial Statements

The Company is included in the consolidated Annual Report of the Parent Company Danske Commodities A/S. The consolidated Annual Report of Danske Commodities A/S may be obtained from the following address:

Værkmestergade 3
DK-8000 Aarhus C

Accounting Policies

Basis of Preparation

Financial Statements of DC Generation A/S for 2015 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

DC Generation A/S has chosen to pre-implement the Danish Financial Statements Act of 2016, § 146 a, to continually report in accordance with class B.

The accounting policies applied remain unchanged from last year.

Financial Statements for 2015 are presented in DKK.

Recognition and measurement

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

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

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

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

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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

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

Accounting Policies

Income Statement

Gross profit/loss

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

Revenue

Revenue comprises charges regarding deliveries during the year of heat and electricity and adjustments carried forward for settlement in the next year, and government-subsidized basic amounts.

Income from deliveries made during the year is calculated based on meter readings.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise expenses incurred to achieve revenue for the year, including expenses for operation and maintenance of electric power stations and the consumption of material used to achieve revenue for the year.

Furthermore, the accounting item comprises maintenance of productions plants.

Other external expenses

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

Staff expenses

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

Amortisation, depreciation and impairment losses

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

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Accounting Policies

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity. The tax recognised in the income statement is classified as tax on ordinary activities and tax on extraordinary items, respectively.

The Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation. The tax effect of the joint taxation is allocated to enterprises showing profits or losses in proportion to their taxable income. The jointly taxed enterprises have adopted the on-account taxation scheme.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Balance Sheet

Intangible assets

Intangible assets are measured at cost less accumulated depreciation and less any accumulated impairment losses. Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful life of the assets which for Co2 quotas is fixed at 5 years.

Property, plant and equipment

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

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

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

Production buildings	15	years
Other fixtures and fittings, tools and equipment	3-15	years

Impairment of fixed assets

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

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount and the asset is written down to its lower recoverable amount. This impairment test is performed on an annual basis for development projects in progress irrespective of any indication of impairment.

Accounting Policies

Inventories

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

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

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Prepayments

Prepayments comprise prepaid expenses concerning subsequent years.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

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

Accounting Policies

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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

Deferred income

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