

DC Generation A/S

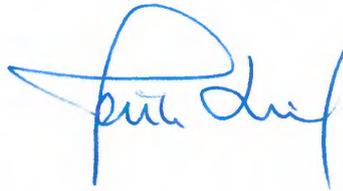
Anker Engelunds Vej 411, 2800 Kgs. Lyngby

Annual Report for 1 January - 31 December 2017

CVR No 34 07 19 77

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
22 March 2018

Henrik Lind
Chairman

A handwritten signature in blue ink, appearing to read "Henrik Lind", is positioned to the right of the printed name and title.

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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 2017.

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 2017 of the Company and of the results of the Company operations for 2017.

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

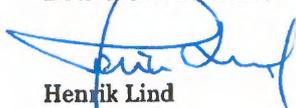
Aarhus, 13 March 2018

Executive Board



Jakob Sø Bendixen

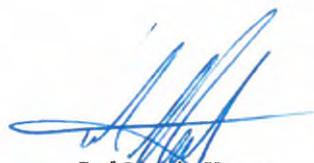
Board of Directors



Henrik Lind
Chairman



Helle Østergaard Kristiansen



Carl Martin Hagert

Independent Auditor's Report

To the Shareholders of DC Generation A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2017, and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of DC Generation A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities 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.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may

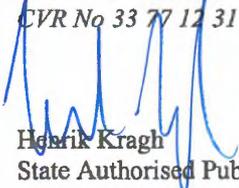
Independent Auditor's Report

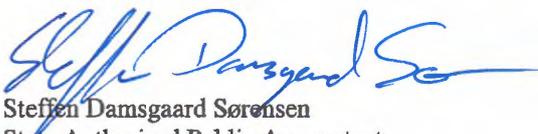
involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Aarhus, 13 March 2018
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 Anker Engelunds Vej 411 2800 Kgs. Lyngby-Taarbæk CVR No: 34 07 19 77 Financial period: 1 January - 31 December Municipality of reg. office: Lyngby-Taarbæk
Main activity	Production of electricity and heat.
Board of Directors	Henrik Lind, Chairman Helle Østergaard Kristiansen Carl Martin Hagert
Executive Board	Jakob Sø Bendixen
Auditor	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Nobelparken Jens Chr. Skous Vej 1

Income statement 1 January - 31 December

	Note	2017 DKK	2016 DKK
Gross profit/loss		19.714.823	24.870.947
Staff expenses	2	-118.910	-62.516
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		<u>-5.648.331</u>	<u>-5.856.437</u>
Profit/loss before financial income and expenses		13.947.582	18.951.994
Financial income	3	37.742	338.807
Financial expenses	4	<u>-173.225</u>	<u>-392.872</u>
Profit/loss before tax		13.812.099	18.897.929
Tax on profit/loss for the year	5	<u>-3.047.771</u>	<u>-3.980.636</u>
Net profit/loss for the year		<u>10.764.328</u>	<u>14.917.293</u>

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year	15.000.000	6.000.000
Retained earnings	<u>-4.235.672</u>	<u>8.917.293</u>
	<u>10.764.328</u>	<u>14.917.293</u>

Balance Sheet 31 December

Assets

	Note	2017 DKK	2016 DKK
Acquired patents		0	0
Intangible assets	6	<u>0</u>	<u>0</u>
Land and buildings		7.111.557	7.960.093
Other fixtures and fittings, tools and equipment		18.972.417	22.832.016
Property, plant and equipment	7	<u>26.083.974</u>	<u>30.792.109</u>
Fixed assets		<u>26.083.974</u>	<u>30.792.109</u>
Trade receivables		19.257.036	22.356.120
Other receivables		717.807	1.100.967
Corporation tax		0	374.403
Prepayments		1.960.031	6.766.932
Receivables from group enterprises		17.757.633	0
Receivables		<u>39.692.507</u>	<u>30.598.422</u>
Cash at bank and in hand		<u>272.844</u>	<u>9.313.463</u>
Current assets		<u>39.965.351</u>	<u>39.911.885</u>
Assets		<u>66.049.325</u>	<u>70.703.994</u>

Balance Sheet 31 December

Liabilities and equity

	<u>Note</u>	<u>2017</u> DKK	<u>2016</u> DKK
Share capital		500.000	500.000
Retained earnings		26.240.741	30.476.413
Proposed dividend of the year		15.000.000	6.000.000
Equity	8	<u>41.740.741</u>	<u>36.976.413</u>
Provision for deferred tax		568.460	1.905.265
Provisions		<u>568.460</u>	<u>1.905.265</u>
Mortgage loans		879.637	4.392.718
Long-term debt		<u>879.637</u>	<u>4.392.718</u>
Mortgage loans		3.513.081	3.503.767
Trade payables		17.688.474	17.271.061
Payables to group enterprises		0	6.654.770
Corporation tax		1.658.931	0
Short-term debt		<u>22.860.486</u>	<u>27.429.598</u>
Debt		<u>23.740.123</u>	<u>31.822.316</u>
Liabilities and equity		<u>66.049.325</u>	<u>70.703.994</u>
Contingent assets, liabilities and other financial obligations	9		
Related parties and ownership	10		

Notes to the Annual Report

	<u>2017</u> DKK	<u>2016</u> DKK
1 Main activity		
The company's main activity is within sale of energy and related products. It is primarily sale of heating to the heating system that provides Danmarks Tekniske Universitet and Holte Fjernvarme with heat, where DC Generation has the primary responsibility for the supply. Furthermore electricity and system services are sold to the liberalised electricity market.		
2 Staff expenses		
Other staff expenses	118.910	62.516
	<u>118.910</u>	<u>62.516</u>
3 Financial income		
Interest received from group enterprises	13.513	0
Other financial income	449	252.291
Exchange adjustments	23.780	86.516
	<u>37.742</u>	<u>338.807</u>
4 Financial expenses		
Interest paid to group enterprises	51.169	157.210
Exchange adjustments	52.831	68.199
Other financial expenses	69.225	167.463
	<u>173.225</u>	<u>392.872</u>
5 Tax on profit/loss for the year		
Current tax for the year	4.384.576	4.125.597
Deferred tax for the year	-1.411.159	-2.834
Adjustment of tax concerning previous years	74.354	-142.127
	<u>3.047.771</u>	<u>3.980.636</u>
6 Intangible assets		Acquired patents
		DKK
Cost at 1 January		1.900.000
Cost at 31 December		<u>1.900.000</u>
Impairment losses and amortisation at 1 January		1.900.000
Amortisation for the year		<u>0</u>
Impairment losses and amortisation at 31 December		1.900.000
Carrying amount at 31 December		<u>0</u>

Notes to the Annual Report

7 Property, plant and equipment

	Land and buildings	Other fixtures and fittings, tools and equipment
	DKK	DKK
Cost at 1 January	12.735.325	38.963.157
Additions for the year	741.574	198.622
Cost at 31 December	<u>13.476.899</u>	<u>39.161.779</u>
Impairment losses and depreciation at 1 January	4.775.232	16.131.141
Depreciation for the year	1.590.110	4.058.221
Impairment losses and depreciation at 31 December	<u>6.365.342</u>	<u>20.189.362</u>
Carrying amount at 31 December	<u>7.111.557</u>	<u>18.972.417</u>

8 Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	500.000	30.476.413	6.000.000	36.976.413
Ordinary dividend paid	0	0	-6.000.000	-6.000.000
Net Profit/loss for the year	0	-4.235.672	15.000.000	10.764.328
Equity at 31 December	<u>500.000</u>	<u>26.240.741</u>	<u>15.000.000</u>	<u>41.740.741</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>2017</u>	<u>2016</u>
	DKK	DKK
9 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	7.111.557	7.960.093
Plant and machinery with a booked value of	18.972.417	22.832.016
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	26.083.974	30.792.109
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.		

10 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 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

Under Danish law, DC Generation A/S is exempt from preparing financial statements as a reporting class C enterprise by virtue of section 78A of the Danish Financial Statements Act.

Financial Statements for 2017 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 are 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 production 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 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

Accounting Policies

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.

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

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 is 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. Deferred tax liabilities within the same legal tax entity.