

Omø South Nearshore A/S

Gyngemose Parkvej 50,10

2860 Søborg

CVR no. 35 84 05 40

Annual report for 2015

Adopted at the annual general meeting on 28 April 2016

Ian Wallentin
Chairman

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Statement by Management on the annual report

Today, the Board of Directors and Executive Board have discussed and approved the annual report of Omø South Nearshore A/S for the financial year 1 January - 31 December 2015.

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

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of its operations for the financial year 1 January - 31 December 2015.

In our opinion, Management's review includes a fair review of the matters discussed in the Management's review.

We recommend that the annual report should be approved at the annual general meeting.

Søborg, 28 April 2016

Executive Board

Knud Erik Andersen
CEO

Frans van der Harst

Board of Directors

Holger Emil Bang
Chairman

Frans van der Harst

Roel de Bree

Ian Wallentin

Independent Auditor's Report

To the Shareholders of Omø South Nearshore A/S

Report on the financial statements

We have audited the financial Statements of Omø South Nearshore A/S for the financial year 1 January - 31 December 2015, which comprise accounting policies, income statement, balance sheet and notes, for the Company. 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 the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

The audit has not resulted in any qualification.

Independent Auditor's Report

Opinion

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

Statement on Management's review

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

Copenhagen, 27 April 2016

KPMG
Statsautoriseret Revisionspartnerselskab
CVR-no. 25 57 81 98

Martin Eiler
State Authorised Public Accountant

Company details

The Company

Omø South Nearshore A/S
Gyngemose Parkvej 50,10
2860 Søborg

CVR no.: 35 84 05 40
Financial year: 1 January - 31 December
Incorporated: 30 April 2014
Domicile: Gladsaxe

Board of Directors

Holger Emil Bang, Chairman
Frans van der Harst,
Roel de Bree
Ian Wallentin

Executive board

Knud Erik Andersen, CEO
Frans van der Harst

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø

General meeting

The annual general meeting is held
at the Company's address on 28 April 2016

Management's review

Business activities

The objective is, directly or through shares in other companies affiliated with the energy sector, to develop and/or sell all types of renewable energy and related activities.

Recognition and measurement uncertainties

The value of development projects in progress depends on whether or not public permission is obtained and the establishment of adequate funding. For Omø South the project is in process of obtaining Environmental Impact Assessment (EIA) permit. A risk is always embedded in this process as no one can predict what kind of impact an individual project will have on the environment prior to the analysis and assessment. If this is not achieved the project is reduced or closed and related costs expensed. Consequently, the valuation of development projects in progress is related to uncertainty as it depends on the outcome of matters not under the Company's control.

Capital management

The Company is financially funded by the shareholders. The Management consider the financial commitment from the shareholders as sufficient for clarifying the Environmental Impact assessment permit and thus the company's going concern for a period of at least 12 month. Repayment of the loan is dependent on winning the project or otherwise shareholder grant/capital injection.

Financial review

The company's income statement for the year ended 31 December 2015 shows a loss of EUR 18,762, and the balance sheet at 31 December 2015 shows equity of EUR 46,765.

The company has performed as expected in 2015.

The Environmental Impact Assessment (EIA) report was submitted to the Danish Energy Agency (DEA) in March 2015. Since the report has been in internal process within the Agency. Based on feed-back from the DEA minor corrections and re-calculation of the bird study has been performed based on an approach and methodology defined by the DEA. Expectedly the report will be approved by the DEA during 2016/17 where after a building permit can be applied for. As the DEA is a governmental agency it is impossible to estimate the internal process time needed.

Post balance sheet events

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Accounting policies

The annual report of Omø South Nearshore 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 as well as selected provisions as regards larger entities.

The accounting policies applied are consistent with those applied last year.

The annual report for 2015 is presented in euros (EUR)

Income statement

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, etc.

Financial income and expenses

Financial income and expenses include interest, realised and unrealised exchange adjustments.

Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Development projects

Development costs comprises projects in progress within the development and construction of renewable energy facilities. Projects can be divided into the following categories:

- Projects under development
- Projects under construction
- Completed projects for resale

Completed projects are transferred to property, plant and equipment when the system is transferred to commercial operation.

Development projects are measured at the lower of cost and the net realisable value.

Accounting policies

Projects under development

Projects under development include projects where construction has not yet been initiated.

Cost includes direct and indirect charges incurred for the development of projects, including interest in the project period.

Projects under construction

Projects under construction include projects where construction has been initiated, but not completed.

Cost includes costs incurred in the development phase (projects under development) and costs in relation to the construction phase, which primarily include direct and indirect costs for subcontractors, project management and financing as well as interest during the construction period.

Completed projects for resale

Completed projects for resale include projects where construction is completed, but where the sales process has not been completed.

Cost includes costs incurred in the development phase (projects under development) and costs in relation to the construction phase, which primarily include direct and indirect costs for subcontractors, project management and financing as well as interest in the period up to the completion of the construction project.

If the expected sales price for the project less the sales costs (net realisable value) is deemed to be lower than the carrying amount write-down is made to this lower value.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Accounting policies

Equity

Dividend

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

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

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

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised at the value at which they are expected to be utilised within the foreseeable future.

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

Liabilities

Other liabilities are measured at net realisable value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign-exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Accounting policies

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

Non-monetary items are translated at the exchange rates at the date of acquisition or the date of subsequent revaluations of the asset. Income statement items are translated at the exchange rates at the transaction date, whereas items derived from non-monetary items are translated at historical exchange rates for the non-monetary item.

Income statement 1 January - 31 December

	<u>Note</u>	<u>2015</u> EUR	<u>2014</u> EUR
Other external expenses		<u>-23.733</u>	<u>-3.162</u>
Operating result		-23.733	-3.162
Financial costs	1	<u>-321</u>	<u>-8</u>
Profit/loss before tax		-24.054	-3.170
Tax on profit/loss for the year	2	<u>5.292</u>	<u>698</u>
Net profit/loss for the year		<u>-18.762</u>	<u>-2.472</u>
Proposed distribution of result			
Retained earnings		<u>-18.762</u>	<u>-2.472</u>
		<u>-18.762</u>	<u>-2.472</u>

Balance sheet at 31 December

	<u>Note</u>	<u>2015</u> EUR	<u>2014</u> EUR
Assets			
Development projects in progress		<u>1.275.824</u>	<u>702.241</u>
Intangible assets	3	<u>1.275.824</u>	<u>702.241</u>
Total non-current assets		<u>1.275.824</u>	<u>702.241</u>
Other receivables		14.599	89.581
Deferred tax asset	4	<u>5.990</u>	<u>698</u>
Receivables		<u>20.589</u>	<u>90.279</u>
Cash at bank and in hand		<u>168.668</u>	<u>70.515</u>
Total current assets		<u>189.257</u>	<u>160.794</u>
Total assets		<u><u>1.465.081</u></u>	<u><u>863.035</u></u>

Balance sheet at 31 December

	<u>Note</u>	<u>2015</u> EUR	<u>2014</u> EUR
Liabilities and equity			
Share capital		68.000	68.000
Retained earnings		<u>-21.235</u>	<u>-2.472</u>
Equity total	5	<u>46.765</u>	<u>65.528</u>
Payables to group entities		<u>1.393.836</u>	<u>794.420</u>
Total non-current liabilities	6	<u>1.393.836</u>	<u>794.420</u>
Trade payables		<u>24.480</u>	<u>3.087</u>
Total current liabilities		<u>24.480</u>	<u>3.087</u>
Total liabilities		<u>1.418.316</u>	<u>797.507</u>
Total equity and liabilities		<u>1.465.081</u>	<u>863.035</u>
Collateral and security	7		
Related parties and ownership	8		

Notes to the annual report

	2015	2014
	EUR	EUR
1 Financial costs		
Financial expenses, group entities	103.621	39.392
Other financial costs	705	822
Exchange adjustments costs	322	8
Capitalised interest expense	-104.327	-40.214
	<u>321</u>	<u>8</u>

	2015	2014
	EUR	EUR
2 Tax on profit/loss for the year		
Deferred tax for the year	-5.292	-698
	<u>-5.292</u>	<u>-698</u>

3 Intangible assets	Development projects in progress
	<u> </u>
Cost at 1 January 2015	826.031
Additions for the year	<u>449.793</u>
Cost at 31 December 2015	<u>1.275.824</u>
Carrying amount at 31 December 2015	<u>1.275.824</u>

Of the total increase for 2015, interest amounts to EUR 104.327 (2014 EUR 40.214).

Notes to the annual report

4 Provision for deferred tax

Deferred tax relating to tax loss carry-forward	-5.990	-698
Deferred tax asset	<u>5.990</u>	<u>698</u>
	<u>0</u>	<u>0</u>
Deferred tax asset		
Calculated tax asset	<u>5.990</u>	<u>0</u>
Carrying amount	<u>5.990</u>	<u>698</u>

Notes to the annual report

5 Equity

	Share capital	Retained earnings	Total
Equity at 1 January 2015	68.000	-2.473	65.527
Net profit/loss for the year	0	-18.762	-18.762
Equity at 31 December 2015	68.000	-21.235	46.765

The share capital consists of 68.000 shares of a nominal value of EUR 1. No shares carry any special rights.

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

6 Non-current liabilities

The Company's long-term debt to group enterprise is attributable to the financing of project development costs in the Company.

No specific conditions for the repayment have been laid down.

7 Collateral and security

The Company has not provided any collateral or entered into any agreements on the provision of security in general.

8 Related parties and ownership

According to the Company's register of shareholders, the following shareholders hold a minimum of 5% of the voting rights or a minimum of 5% of the share capital:

European Energy Offshore A/S, Gyngemose Parkvej 50, 2860 Søborg.

NIBC Near Shore Investment B.V., Carnegieplein 4, 2517 KJ The Hague, Holland.