

Omø South Nearshore A/S

**Gyngemose Parkvej 50,10
2860 Søborg**

CVR no 35 84 05 40

**Annual report for 2016
(3th Financial year)**

Adopted at the annual general
meeting on 8 June 2017

Anne Wichmann
Chairman

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Statement by Management on the annual report

The Executive and Supervisory Boards have today discussed and approved the annual report of Omø South Nearshore A/S for the financial year 1 January - 31 December 2016.

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 2016 and of the results of the the Company's operations for the financial year 1 January - 31 December 2016.

In our opinion, Management's review includes a fair review of the matters dealt with in the Management's review

We recommend the adoption of the annual report at the annual general meeting.

Søborg, 8 June 2017

Executive Board

Knud Erik Andersen

Frans van der Harst

Board of Directors

Holger Emil Bang

Frans van der Harst

Roel de Bree

Independent auditor's report

Til shareholders of Omø South Nearshore A/S

Opinion

We have audited the financial statements of Omø South Nearshore A/S for the financial year 1 January - 31 December 2016, which comprise an income statement, balance sheet and notes, including a summary of significant accounting policies. The financial statements are prepared under 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 2016 and of the results of the Company's operations for the financial year 1. januar - 31. december 2016 in accordance with the Danish Financial Statements Act.

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

Independent auditor's report

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 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.

Independent auditor's report

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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

København, 8 June 2017

KPMG
Statsautoriseret revisionspartnerselskab
CVR-nr. 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
Reporting period: 1 January - 31 December
Incorporated: 30. April 2014
Domicile: Gladsaxe

Board of Directors

Holger Emil Bang
Frans van der Harst
Roel de Bree

Executive Board

Knud Erik Andersen
Frans van der Harst

Auditors

KPMG
Statsautoriseret revisionspartnerselskab
Dampfærgevej 28
2100 København Ø

General meeting

The annual general meeting is held on 31 May 2017.

Management's review

Business activities

The Company's objective is directly or through investments in other companies associated with the energy sector, to develop and/or sell all types of renewable energy and related activities.

Recognition and measurement uncertainties

The project company Omø South Nearshore A/S is planning to build a nearshore wind farm. The project is currently undergoing VVM approval by the Danish Energy Agency.

Business review

The Company's income statement for the year ended 31. december shows a loss of EUR 14.723, and the balance sheet at 31 December 2016 shows equity of EUR 32.042.

Capital ratio and liquidity ratio.

The company has per. 31 December 2016 lost more than half of the share capital. At the general meeting, the company will be re-established in accordance with the Companies Act.

The shareholders have confirmed their continued financial support to the company with a resignation regarding the parent company's receivables vis-à-vis other creditors in the company and further confirmed the commitment to liquidity for ongoing operations.

Based on this, the Board of Directors assess the company's capital base sufficient for 2017.

Significant events occurring after end of reporting period

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 2016 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 of last year.

The annual report for 2016 is presented in EUR

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 amortisation, depreciation and impairment losses, are also recognised in the income statement.

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

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report are presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Other external expenses

Other external expenses include expenses related to administration, etc.

Financial income and expenses

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

Accounting policies

Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, including changes arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to entries directly in equity.

Balance sheet

Development projects

Intangible assets

Acquired project rights include rights for the development of the project until the time the construction can commence (development phase). Project rights include acquired rights of use, building permits, authorizations, etc. for the implementation of the project. Project rights are measured at initial recognition at cost. Cost includes direct and indirect costs for the development of the project. At the start of the construction, the costs incurred will be transferred to property, plant and equipment.

Receivables

Receivables are measured at amortised cost.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and 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 in the respective countries 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.

Accounting policies

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.

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>2016</u> EUR	<u>2015</u> EUR
Other external expenses		<u>-18.902</u>	<u>-23.733</u>
Gross profit		-18.902	-23.733
Financial costs	1	<u>0</u>	<u>-321</u>
Profit/loss before tax		-18.902	-24.054
Tax on profit/loss for the year	2	<u>4.179</u>	<u>5.292</u>
Net profit/loss for the year		<u>-14.723</u>	<u>-18.762</u>
Proposed distribution of profit			
Retained earnings		<u>-14.723</u>	<u>-18.762</u>
		<u>-14.723</u>	<u>-18.762</u>

Balance sheet 31 December

	<u>Note</u>	<u>2016</u> EUR	<u>2015</u> EUR
Assets			
Development projects in progress		<u>1.426.945</u>	<u>1.275.824</u>
Intangible assets	3	<u>1.426.945</u>	<u>1.275.824</u>
Anlægsaktiver i alt		<u>1.426.945</u>	<u>1.275.824</u>
Other receivables		11.043	14.599
Deferred tax asset	5	<u>10.169</u>	<u>5.990</u>
Receivables		<u>21.212</u>	<u>20.589</u>
Cash at bank and in hand		<u>16.859</u>	<u>168.668</u>
Omsætningsaktiver i alt		<u>38.071</u>	<u>189.257</u>
Aktiver i alt		<u><u>1.465.016</u></u>	<u><u>1.465.081</u></u>

Balance sheet 31 December

	<u>Note</u>	<u>2016</u> EUR	<u>2015</u> EUR
Liabilities and equity			
Share capital		68.000	68.000
Retained earnings		<u>-35.958</u>	<u>-21.235</u>
Egenkapital i alt	4	<u>32.042</u>	<u>46.765</u>
Payables to group entities		<u>1.425.793</u>	<u>1.393.836</u>
Long-term debt	6	<u>1.425.793</u>	<u>1.393.836</u>
Trade payables		<u>7.181</u>	<u>24.480</u>
Short-term debt		<u>7.181</u>	<u>24.480</u>
Gældsforpligtelser i alt		<u>1.432.974</u>	<u>1.418.316</u>
Passiver i alt		<u>1.465.016</u>	<u>1.465.081</u>
Related parties and ownership	7		

Notes to the annual report

	2016	2015
	EUR	EUR
1 Financial costs		
Financial expenses, group entities	118.326	103.621
Other financial costs	661	705
Exchange adjustments costs	76	322
Exchange loss	13	0
Capitalised interest expense	-119.076	-104.327
	0	321
2 Tax on profit/loss for the year		
Deferred tax for the year	-4.179	-5.292
	-4.179	-5.292
3 Intangible assets		
		Development projects in progress
Cost at 1 January 2016		1.275.823
Additions for the year		151.122
Cost at 31 December 2016		1.426.945
Revaluations at 31 December 2016		0
Carrying amount at 31 December 2016		1.426.945

Notes to the annual report

4 Equity

	Share capital	Retained earnings	Total
Equity at 1 January 2016	68.000	-21.235	46.765
Net profit/loss for the year	0	-14.723	-14.723
Equity at 31 December 2016	68.000	-35.958	32.042

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

Capital ratio and liquidity ratio.

The company has per. 31 December 2016 lost more than half of the share capital. At the general meeting, the company will be re-established in accordance with the Companies Act.

The shareholders have confirmed their continued financial support to the company with a resignation regarding the parent company's receivables vis-à-vis other creditors in the company and further confirmed the commitment to liquidity for ongoing operations.

Based on this, the Board of Directors assess the company's capital base sufficient for 2017.

5 Provision for deferred tax

Tax loss carry-forward	-10.169	-5.990
Transferred to deferred tax asset	10.169	5.990
	0	0
Deferred tax asset		
Calculated tax asset	10.169	5.990
Carrying amount	10.169	5.990

Notes to the annual report

6 Non-current liabilities

	Debt at 1 January 2016	Debt at 31 December 2016	Payment within 1 year	Debt after 5 years
Payables to group entities	1.393.836	1.425.793	0	0
	1.393.836	1.425.793	0	0

The debt is subordinated to other creditors and it is therefore recognized as non-current

7 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.